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# FINANCIAL TIMES

No. 30,791

Weekend March 11/March 12 1989

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## WORLD NEWS

### Legal threat over US student loans

BankAmerica, a leading West Coast bank, may be sued to recover hundreds of millions of dollars expected to be lost in a badly-managed California student loan scheme.

Investors who backed the scheme face big losses because so many former students have defaulted, while the federal government has withdrawn its guarantees on the loans. The scheme hit problems when a computer programme ran astray and the names of many borrowers. Page 2

**Sikhs jailed for life**  
Six extremists Rajinder Singh Bathi and Manjit Singh Sander were sentenced to life imprisonment at the Old Bailey in London for shooting dead a religious leader and two of his followers at a prayer meeting in Southall, south London in 1987.

Sir James Miskin, Recorder of London, said the two had perpetrated a "disgraceful pre-planned atrocity". He recommended Bathi serve at least 30 years and Sander 20 years.

**Technician's long hours**  
Senior ER signals technician Brian Hemmings told the Cleveleys court he worked seven days a week to maintain "a reasonable standard of living" and pay his mortgage. He accepted responsibility for a loose wire, which he believed he had left safe. Page 3

**Spanish no-strike deal**  
European holidaymakers can look forward to three years free of Spanish air traffic controllers' strikes following a deal reached with their union. Page 2

**Show of force near mine**  
Yugoslav tanks and troops staged a show of strength in the country's troubled southern Kosovo province where 800 miners stayed on strike for the second day running.

**Drugs net widens**  
Dover customs officers found heroin worth \$1m in a lorry from Turkey. The haul was the third big drugs seizure in two days and is thought to be Britain's second biggest heroin haul.

Drugs worth a further \$70m were seized in official raids elsewhere.

In north London, three people were charged with conspiracy to supply cocaine after \$20m-worth of the drug was seized on Thursday.

**AA backs random tests**  
The Automobile Association has changed its policy and thrown its weight behind the campaign to introduce random breath tests for motorists.

**Kinnock pledge to Scots**  
Labour leader Neil Kinnock promised his party's Scottish conference that a Labour government would introduce legislation to set up a Scottish assembly. Page 3

**West Berlin political deal**  
West Berlin's Social Democrats and the city's green party, the Alternative List, finalised a left-wing coalition government. Page 2

**The Financial Times**  
The International Edition of the FT was not available in some parts of Europe yesterday. This was due to a strike of West German print workers which closed down the newspaper's Frankfurt printing plant. We apologise for the inconvenience. Some extra copies of the International Edition were distributed from the FT's plant at Roubaix, northern France. A few readers will have received the UK edition which was flown from the FT's London plant.

## BUSINESS SUMMARY

### Birds Eye to shed 1,000 Kirkby jobs

**BIRDS EYE WALL'S**, Britain's biggest frozen food maker, announced yesterday it is to close its factory at Kirkby, Merseyside, with the loss of nearly 1,000 jobs.

The company, a subsidiary of Unilever, the Anglo-Dutch consumer products multinational, said the workforce of 600 men and 400 women had failed to accept modern working practices. Page 2; Details, Tears at the gate, Page 3

**FT ORDINARY** ended 45.2 up on the week yesterday at 1,724.9, finishing off with a burst of confidence in the after-noon.

**FT Index**  
Ordinary share (hourly movements)  
1730  
1720  
1710  
1700  
1690  
Mar 6 1989 Mar 10

Worries about US interest rates failed to check a flurry of selective and somewhat speculative demand for UK equities. Market Report, Page 15

**ADELAIDE STEAMSHIP**, Australian trading and investment concern with a stake of just over 10 per cent in Commercial Union of the UK, achieved a 47 per cent boost in net profits in the half year ended December 31. The group lifted income to £4100.5m (£48m) in the interim period. Page 10

**NIPPON** Telegraph & Telephone's directors agreed to take a pay cut to show their regret over the Japanese group's involvement in the Recruit financial scandal. Page 22

**JOHN LARBIT**, Canadian brewer which stands to lose its domestic market leadership to a merger of its two rivals, has recorded a 7 per cent fall in overall earnings, down to £397.5m (£47m), for the nine months ended January 31. Page 19

**COMPAQ** Information Systems, mainframe computer company established two years ago as a joint venture between Siemens and BASF, both of West Germany, reported growth significantly better than the average for the industry with net profits last year up 15 per cent at DM46m (£14m). Page 10

**VERBA**, West German energy and chemicals conglomerate, is increasing its 1988 dividend to DM11 from DM10 a share on net profit of DM1.1bn (£334m), up from DM948m in 1987. Page 19

**DSM**, Dutch chemicals group which was partially privatised this year and turned in sharply higher profits this week, is to pay £1500m (£185m) for Copolymer Rubber and Chemical, of the US. Page 10

**INTEL** and Advanced Micro Devices, two of Silicon Valley's largest chip makers who have been waging a long-running battle over microprocessor technology, have partially resolved their dispute with the announcement of an arbitrator's decision. Page 10

**COATS** Virella, Europe's biggest textile group, suffered a 36 per cent fall in pre-tax profits from £212.8m to £135.2m in 1988 due to intense competition in the UK textiles and clothing industries. Page 8; Text, Page 22

**MID KENT** Water Company's plans for a radical restructuring which would have given it an eight-month head start over its 26 statutory rivals and the 10 water authorities, have been upset by increased investment by two French water suppliers. Page 8

## Brady unveils plans to ease developing countries' debt burden

By Peter Riddell, US Editor in Washington

THE US yesterday outlined long-awaited proposals to ease the heavy debt burden of highly-indebted developing countries, suggesting for the first time that the International Monetary Fund and the World Bank should use their existing resources to support voluntary debt reduction between commercial banks and debtors.

The US has already secured the public backing of the Japanese Government which said yesterday it would increase its financial support for debtor countries and parallel lending by its Export-Import Bank in close co-operation with the IMF.

The proposals were put forward as suggestions rather than a formal blueprint by Mr Nicholas Brady, the US Treasury Secretary, in a speech to a conference in Washington sponsored by the Bretton Woods Committee, a private group associated with the multilateral lending institutions.

Mr Brady hinted at a relaxation of previous US opposition to an increase in IMF quotas, or available resources.

He said the implementation of these new efforts to

strengthen the debt strategy "could help lay the basis for increases in IMF quotas."

However, he warned that other issues, including the problem of mounting arrears on loans by the IMF, would have to be addressed, although he hoped that a consensus could be reached on the quota question by the end of the year.

His main theme was that "to support and encourage debtor and commercial bank efforts to reduce debt and debt service burdens, the IMF and World Bank could provide funding, as part of their policy-based programmes, for debt and debt-service reduction purposes."

The speech envisaged the creation of separate pools within the IMF and World Bank to expand the access which debtor nations have to their resources.

The proposals are intended to "build on and strengthen" the Baker plan of 1985, presented by Mr James Baker, then US Treasury Secretary and current Secretary of State, and incorporate his key principles of the need for strong growth in debtor countries, internal

reform, continuation of external financial support and a case-by-case rather than a universal approach.

However, Mr Brady's speech represents a substantial modification of the Baker plan in placing more emphasis on debt reduction rather than additional amounts of commercial bank loans.

Mr Brady gave no figures and US Treasury officials merely said that substantial amounts could be involved.

The next stage will be discussions among creditor and debtor governments, the commercial banks and the multilateral lending institutions.

Addressing the same conference as Mr Brady, Mr Michel Comdessus, the IMF managing director, said its executive board would meet next Wednesday to review Third World debt issues.

This will include Mr Brady's proposals and will lay the groundwork for discussions of finance ministers and central bankers due to meet in Washington in three weeks' time.

The key development yesterday. Continued on Page 22

## Trade statistics are a mess, says the Treasury

By Simon Holberton, Economics Staff

THE TREASURY yesterday called Britain's balance of payments statistics a mess after the issue of official figures which showed a \$15.3bn so-called black hole in last year's accounts.

This unaccounted-for sum was greater than the revised 1988 current account deficit of \$14.7bn. Central Statistical Office figures for the fourth quarter of last year show.

The Treasury sought to buttress its claim that the trade deficit was overstated by reference to a study of the UK national accounts for 1985 to 1987, issued by the Central Statistical Office yesterday.

It said the study backed many of its views on the poor state of official statistics, especially those on the under-recording of company investment, the over-recording of the trade deficit and the exaggeration of the fall in personal savings.

However, the Central Statistical Office was careful to emphasise the subjective nature of its study, which it described as being experimental and constituting work-in-progress.

It said the study, which it plans to continue, did not replace existing official statistics but contributed to the debate on the quality of national and financial accounts.

The office said: "Although the results are interesting, so far they have not produced accounts that the Central Statistical Office considers to be uniformly 'better' than those regularly published."

The study presents a way to apportion the various black holes, that is statistical discrepancies and balancing items, to main sectors of economic activity.

The method used to produce the balanced accounts comprised official experts' best guesses and various mathematical means of manipulating data.

The existence of big discrepancies and balancing items has made interpretation of the UK economy difficult for policy-makers and other users of official figures.

These problems have led to an inquiry by the

Government into the collection of official statistics and to an inquiry by the Commons Treasury and Civil Service Committee.

The result of the Government's inquiry, which might lead to changes in the current administrative structure for the collection of official statistics, is not now expected to be known until after Easter.

The main results of the study by the Central Statistical Office indicate that:

- Company profits have been consistently overstated and investment has been understated. Investment in 1987 may have grown by 13.5 per cent, compared with the 11 per cent which was previously recorded.
- Over the same period the profits of industrial and commercial companies may have increased by 21 per cent instead of by 23 per cent.
- The personal sector savings ratio may have declined from 10.5 per cent of income in 1985 to 7.3 per cent in 1987, compared with the official estimate which shows savings falling from 9.5 per cent to 5.5 per cent over the same period.
- The current account trade surplus may have been bigger in 1985 and there may not have been a small deficit in 1986 but a large surplus.
- The trade deficit in 1987 could have been £1.5bn instead of £2.5bn.
- There was a sharp fall in personal sector investment in securities. Instead of investing £5.5bn in securities in 1987, the personal sector may have reduced its holdings by £5.5bn.

Meanwhile, the fourth-quarter trade figures issued yesterday showed a steep decline in the surplus on invisible trade, to \$300m from \$2.3bn, in the period from July to September.

The Central Statistical Office said this fall mainly reflected a change in the timing of British payments to the European Community. It warned that the figures were liable to substantial revision in later months.

An investigation into balancing the UK national and financial accounts, 1985-87. *Economic Trends*, No. 424, February, 1989. HMSO, £3.25. Editorial Comment, Page 6

## Employers to run £3bn framework for training

By John Gapper in Newcastle-upon-Tyne

THE Prime Minister yesterday launched the Government's employer-led training framework with a television link to carry the message to groups of business people around the country.

Mrs Margaret Thatcher spoke in Newcastle-upon-Tyne as the guest of Mr Norman Fowler, Employment Secretary, on a closed circuit breakfast television show devoted to the merits of the new Training and Enterprise Councils.

Her words were transmitted to employers in Manchester, Solihull and London.

The Newcastle audience greeted the offer of £3bn to run local and national training schemes with cautious enthusiasm mixed with trepidation.

For Mrs Thatcher, TECs had a noble purpose. "Are we perhaps re-creating, on a far larger scale, the tradition when father taught son all the skills of his trades, when the city guilds set the standards, and apprentices learned from their masters?" she said.

Mr Fowler, whose presentational skills are highly rated, shared control of the proceedings with Ms Pamela Armstrong, former news reader with Independent Television News. He seemed equally at home in the world of autotunes and "live

### The Training and Enterprise Councils

- Employer-led local bodies, in form of companies limited by guarantee with strictly defined management and performance contracts, responsible for overseeing £3bn of national training programmes such as the Youth Training Scheme and Employment Training.
- About 100 to be formed over the next four years, each covering about 200,000 people, with an average budget of £30m.
- Two thirds of TEC directors to be private sector managers with the remainder from local authorities, trade

unions and from other bodies.

- Local training initiatives to be encouraged, with each TEC having initial £350,000 on average to advance objectives.
- The Government will match money raised privately up to £10m a year across country.
- Performance bonuses to be awarded to TECs for these local initiatives funds if three-year targets are met.
- Groups wanting to become TECs and therefore eligible for funding of up to £100,000 in order to formulate initial business plan must apply to National Training Task Force by April 28.

links and feeds" as he put it.

He was joined by Mr John Hall, the evangelical Tyne-side property developer, whose Metrocentre shopping city appeared as the centrepiece of an introductory film proclaiming the virtues of the enterprise culture and the need for training.

The point of the electronic wizardry was to impress, and attract support from, the employers whom the Government wants to join each TEC's board of directors. Mr Fowler was eloquent on the calibre

### Archaeologists to seek Globe remains

By Christian Tyler

ARCHAEOLOGISTS are to be given three months to look for remains of the Shakespeare's Globe theatre in Southwark, London, following the discovery of another Elizabethan playhouse at a site nearby.

Experts think the chances of finding some of the Globe's foundations are quite high, confirming the site as one of international importance.

Shakespeare's four great tragedies and at least 12 further plays were first staged at the Globe. The playwright owned 10 per cent of the theatre and performed there.

Negotiations between Museum of London archaeologists and Hanson Properties, an arm of Hanson, the British industrial conglomerate which owns the site, are expected to

be completed before Easter. Hanson said yesterday that the museum would be given three months to complete a trial dig for the first tangible evidence of the Globe, whose historical records are sketchy.

Hanson's consent follows the unexpected discovery nearby of the foundations of the less well-known Rose playhouse, suggesting that the Globe, too, may give up its secrets. Historians agree that the Globe, built in 1599 and rebuilt after a fire in 1613, stood just to the east of what is now the southern approach to Southwark Bridge and the new headquarters of the Financial Times.

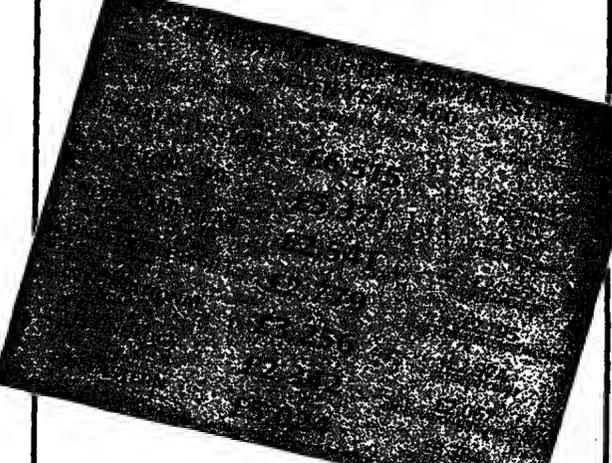
Part of the old site is thought to lie under the bridge ramp. A brewery stood on the area for 200 years. That was demolished a few years ago and the concrete of the ramp that replaced it was this week being ripped up for the archaeologists' benefit.

Last night Mr Sam Wanamaker, the American actor-director, said in Los Angeles that he had asked the North East chairman of Hanson, to allow room under any new building for a permanent exhibition of any remains.

Mr Wanamaker said that in the light of developments he might have to delay work on his £12m conjectural reconstruction of the Globe nearby. The main contract is due to be awarded in a few weeks.

"The spotlight of the world is on the area now," he said. Weekend FT 1

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## MARKETS

STERLING	DOLLAR	STOCK INDICES
New York benchmark: \$1.7175	New York benchmark: DM1.8615	FT-SE 100: 2,055.2 (+8.5)
\$1.7165 (1.716)	FF4.9125	FT Ordinary: 1,724.9 (+10.8)
DM5.195 (5.197)	SPY-1.897	FT-A All Share: 1,083.32 (+0.4%)
FF10.8875 (10.86)	Y129.47	FT-A long gilt yield: 9.17 (same)
SPY-2.73 (same)	DM1.8625 (1.8615)	Index high occupier: 9.17 (same)
Y222 (221.78)	FF4.9175 (5.315)	New York benchmark: DJ Ind. Av. 2,277.14 (-14.29)
£ index: 96.6 (96.6)	SPY-1.897	Telex: Nikkei 31,701.76 (+46.33)
New York Comex Apr \$36.5 (36.7)	Y129.45 (129)	LONDON MONEY
London: \$36.4 (36.2)	\$ index: 97.8 (97.8)	3-month interbank: closing 13% (12 1/2)
N SEA OIL (Argus) Brent 15-day Apr \$17 (17.075)	Y129.45 (129)	

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OVERSEAS NEWS

Banks may sue over US student loan losses

By Rod Oram in New York

SEVERAL Japanese banks said yesterday they were considering legal action against BankAmerica, a leading West Coast bank, to recover several hundred million dollars they expect to lose in a badly managed US student loan programme plagued by computer software problems.

A group of Japanese banks and Citicorp, the largest US bank, had issued letters of credit to guarantee notes sold by the California Student Loan Finance Corporation. The quasi-public body packaged student loans and sold them in US credit markets. BankAmerica is the trustee for \$1bn worth of the notes.

Investors who bought the notes are now facing large losses because of heavy defaults by former students on the packaged loans. The federal government has withdrawn its guarantees on the loans, saying they were badly administered. As a result the letters of credit are likely to be called to cover investors' losses.

BankAmerica had said this week that the loan losses could total between \$450m and \$650m, but various other banks involved with the programme believe the estimate is far too pessimistic.

"We think BankAmerica is responsible for the issue, and this is stipulated in the indenture, an official of one Japanese bank said. A spokesman for Dai-ichi Kangyo Bank said it was considering legal action and other ways to recoup its potential losses.

US jobless close to lowest for 15 years

By Nancy Dunne in Washington

US UNEMPLOYMENT sank to 5.1 per cent in February, the lowest level in nearly 15 years. This gave rise to new inflationary fears and concerns about interest rate increases.

Labour Department figures released yesterday showed stronger growth than had been expected by the markets in both January and February, and prompted selling of stocks and bonds. The Dow Jones Industrial Average initially dropped by 15 points in low-volume trading.

Economists had estimated the creation of about 250,000 jobs last month and expected a downward revision in the number of jobs added in January. Instead, the Labour Department reported an employment increase of 209,000 last month and revised January figures upward - from 408,000 to 415,000.

The news was tempered, however, by a warning from Dr Janet Norwood, Bureau of Labour Statistics Commissioner, that the decline in joblessness had occurred among groups whose unemployment trends to be most erratic.

Spanish air traffic 'free of strikes for 3 years'

EUROPEAN holidaymakers can look forward to three years free of strikes by Spanish air traffic controllers, a senior aviation official said yesterday. Reuter reports from Madrid, Mr Carlos Plasencia, General Spain's Civil Aviation Director, said unions had renounced all work stoppages under an agreement signed last week.

Swiss quit Egyptian chemicals project

By Tony Walker in Cairo

A SWISS company has severed its connection with a pharmaceutical factory construction project near Cairo, after reports surfaced that the facility may be used to produce deadly nerve gases.

California moves against guns

By Louise Kahoe in San Francisco

IN AN historic vote, the California State Senate has passed a bill to outlaw assault rifles throughout the state. If a similar bill currently before the state Assembly is passed, California will become the first US state to ban the paramilitary-style weapons.

Supporters of the measure say they face a close vote in the lower house of the state legislature but they are increasingly optimistic.

Opponents of the measure have argued it will not reduce crime and will infringe constitutional rights of citizens to bear arms.

Lhasa under patrol

Lhasa was tense but quiet yesterday, the anniversary of the 1959 Tibetan uprising and flight of the Dalai Lama, as police and troops patrolled in force following three days of riots and the imposition of martial law, reports Colina MacDougall.

Delors gesture on money plan

By David Buchan in Brussels

MR Jacques Delors, the European Commission president, yesterday signalled his willingness to accommodate the UK on new institutional monetary changes, but hinted that Britain might be stirring a phoney controversy over EC budget funds to deflect monetary reform in the Community.

SPD, Greens agree Berlin coalition

By Leslie Collin in Berlin

A UNIQUE left-wing coalition government in West Berlin was finalised yesterday by the Social Democrats (SPD) and the Alternative List (AL), the city's Green Party.

The red-green coalition will put West Berlin in the political limelight because of the special status of the city under the three Western allies and the implementation of a possible West German federal governing alliance of the opposition SPD and Greens.

Mr Eberhard Diepgen, outgoing CDU mayor, said the SPD were "worried" about the AL's stance in government. He called on German industry not to scale down its investments.

Brazil credit offer

The World Bank has offered Brazil a credit of \$1bn over the next 18 months, the Brazilian government announced yesterday. Reuter reports from Brasilia, the Financing Minister said a visiting delegation of the bank had made the offer.

Irish meat fraud probes denied

By Kieran Cooke in Dublin

TWO IRISH meat companies have strongly rejected allegations that they are the subject of major fraud investigations. The allegations were made in the Daily Irish Parliament, against Goodman International, Europe's largest meat processor and exporter, and the Halal Meat Packers Group.

Record world wheat crop expected this year

By Richard Mooney

A RECORD world wheat crop of 540.4m tonnes is forecast for this year in the International Wheat Council's latest market report, published yesterday.

For the Soviet Union, the council forecasts a 1989 crop of 90m tonnes - up from 84.5m in 1988 - and for China's crop it predicts a 2m tonnes rise to 82m tonnes.

In the EC, increased plantings, helped by recent rains, are projected to raise the wheat harvest from 75.9m tonnes in 1988 to 78.7m tonnes.

Zimbabwe scandal

Zimbabwe's Willowgate car scandal claimed its second ministerial victim yesterday when Mr Knox Nkhala, Defence Minister, resigned from the cabinet after admitting that he had sold a Jaguar to a minister.

Honduras payments

By Quentin Peel in Moscow

The Honduran government has suspended all payments on its \$3.1bn foreign debt after its failure to come to agree with International Monetary Fund on a \$1.5bn adjustment package.

Polish post row

By Laura Raun in the Hague

Postal workers in Warsaw yesterday stepped up pressure on the authorities to raise their low salaries as more and more post offices stopped serving customers, while workers at the main post office occupied the building, Christopher Bobinski reports from Warsaw.

SA miners die

By Laura Raun in the Hague

Two black miners have been asphyxiated in fire which engulfed wooden supports in an airway 1.5 miles underground in South Africa's Vaal Reefs gold mine late on Thursday, Jim Jones reports from Johannesburg.

German print action

By Laura Raun in the Hague

A 10-day wave of strike action in the West German printing industry ended yesterday as employers and union representatives reached agreement on compromise working-time rules, David Marsh writes from Bonn.



Moscow residents vote for one of their candidates with a show of hands

Glasnost sheds little light on Soviet election race

James Blitz in Moscow hunts for elusive runners and dark horses in the first multi-candidate poll

IT MAY BE the Soviet Union's first multi-candidate election, but who are the candidates? Although some lists for this month's parliamentary election have been published (in Moscow, for instance) the numbers and riders have not been published for the country as a whole.

The district's 150,000 voters have to choose from a list of 12 candidates, which reads like the cast of a feature film.

Yet there is no sign that the debate in the Politburo is being reflected in the national government election. No-one encapsulates his or her position with the phrase "I am for Ligachev" or "I am for Gorbachev" or "I am for Stalin".

All we know is that in three-quarters of constituencies there will be a race between at least two candidates. There are also reports that some party officials have had a rough time getting nominated for a seat in the new Congress of People's Deputies.

On Monday night, Moscow regional television invited the whole lot to take part in an unmissable election phone-in. Each candidate had a maximum of 60 seconds to respond to questions that would take a week to answer.

What surprises little suspicion is that in the last Supreme Soviet elections, the Party accounted for only 72.4 per cent of candidates. So why the increase?

There were many more arrests, foreigners working in the Tibetan capital said, and Tibetans were fearful of the weapons which might follow.

Another heckler: I represent the workforce at the Lieutenants Schmidt factory, one of the key factories in this area. Why have you never once come to visit us?

Evrestia says lots of people have nominated Communists as candidates because the Communist party invented perestroika, and everyone wants perestroika.

Soviet Elections

By Laura Raun in the Hague

derogation of Soviet television, he replied. "Do you think we should have Western-style parliamentary opposition?" The epistemologist said "yes", as long as it was "constructive" opposition.

By Laura Raun in the Hague

Mr Gerasimov, the Foreign Ministry spokesman, caused a mild stir at the International Press Centre on Tuesday, when he announced that journalists would even be admitted to the Central Committee building to watch the most important public organisation do its stuff.

Moscow to buy Iran's gas again

By Laura Raun in the Hague

THE SOVIET Union is set to renew its contract to buy piped natural gas from Iran, suspended since 1980, in the latest detente gesture of Moscow's desire to revive relations with its neighbour.

By Laura Raun in the Hague

Iran had suspended supplies because of a Soviet refusal to pay the world market price for its natural gas.

Plea for UN 'green' body

By Laura Raun in the Hague

SOME 24 countries plan to issue a political appeal in The Hague today calling for a stronger United Nations' body to enforce environmental standards for the atmosphere.

By Laura Raun in the Hague

Foreign Minister, said that current institutions were too slow in decision-making and lacked teeth adequately to combat global warming and ozone layer depletion.

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UK NEWS

Kinnock hardens commitment to Scots assembly

By James Buxton, Scottish Correspondent
MR NEIL KINNOCK, the Labour leader, yesterday gave one of his strongest pledges to date that a Labour government would swiftly create a Scottish assembly.

Direct investment abroad dips to 15bn

By Philip Coggan
DIRECT investment by UK companies overseas was \$14.4bn in 1988, down from \$17.7bn in 1987, according to provisional figures from the Department of Trade and Industry.

ITV body attacks plans for auction

By Raymond Snoddy
BRITAIN'S 16 ITV companies yesterday launched their campaign to persuade the Government to drop plans to award commercial television franchises to the highest bidder, saying great damage would be done to the quality and range of programmes.

Takeovers director general defended

By Charles Hodgson
LORD Alexander, chairman of the Takeover Panel, last night rejected a call by Mr Bryan Gould, Labour's trade and industry spokesman, for the dismissal of the panel's director-general, Mr Antony Beever.

Tears at the gate as Birds Eye plant shuts

Ian Hamilton Fazez on the stunned reaction of 1,000 workers to sudden redundancy
DISBELIEF and tears were in ample evidence at the Kirby factory gate yesterday. Few had believed that the factory would close with the loss of 1,000 jobs if the workforce held out in its negotiations over flexible working and redundancy terms, especially after 30 years on the site.

Kirkby factory falls prey to intense competition

By Christopher Parkes
UNILEVER HAS spent the last five years shaking out its British frozen foods business. It has invested £100m in plant, boosted research and promotion, and by the end of this year will have shed about 5,000 production jobs in pursuit of maximum efficiency.

Signals worker at Clapham 'on seven-day week'

A SIGNALS technician who left a loose wire that triggered the Clapham rail disaster told the public inquiry into the accident yesterday that he had been working seven days a week before the accident to keep up the mortgage payments on his house.

Motor trade sets up quality control plan

By John Griffiths
A NATIONAL quality control programme aimed at improving garage efficiency and customer service was announced yesterday by the Motor Agents Association, which represents the bulk of the UK's retail motor trade.

City expects income tax to be cut by 1p in Budget

By Ralph Atkins, Economics Staff
CITY ECONOMISTS expect a 1p cut in basic rate income tax as part of a modest tax "give-away" in Tuesday's Budget, according to a survey by MMS International, the financial research company.

How the Garden of England fought back

Charles Hodgson explains why BR's high-speed Channel tunnel link was re-routed

SOME DESCRIBE it as a shining example of Britain's representative democracy at work. For others, it is merely a classic case of the Thatcher Government long after Mrs Thatcher's death.



Kent MP Mr Edward Heath: shouted down by protesters and booted out of meeting

Rail route decision not yet final

By Rachel Johnson
CHANGES could still be made to the chosen route for the high-speed rail link from London to Kent, according to a report of an environmental impact study being carried out for British Rail.

UK NEWS

Struggles in the catwalk's shadow Alice Rawsthorn looks at the precarious world of London fashion

THIS TIME last year John Flett was sticking pins in hems and making last-minute alterations to seams as he prepared to unveil his first catwalk collection at London Fashion Week.



John Flett: young talent absent this season

Flett is regarded as one of the most talented young fashion designers in London. He left college four years ago and set up his own business, helped by a loan from his parents.

The principal concern is the decline of the US dollar, which has depressed the spending power of their chief customers, the huge US store groups.

moderate the small quantities needed by the designers - and the sweatshops, where the quality of production is too poor. In contrast, Milan designers have access to the modern manufacturing facilities of giant groups such as Gruppo GFT and Marzotto.

BA reminds crew they can belong to any union

By Jimmy Burns, Labour Staff

BRITISH AIRWAYS has written to more than 9,000 cabin staff reminding them of their entitlement to belong to a union of their choice, or to belong to no union.

Schools which opt out will receive grant for sackings

By David Thomas, Education Correspondent

SPECIAL grants will be available for schools opting out of local authority control if they opt out or dismiss staff in their first year of operation.

they would have got from their local authority. However, the Government will also be able to make additional grants to opt out schools to cover specific purposes, including the restructuring of staff.

Qualifications work 'will finish by 1991'

By David Thomas

THE NATIONAL Council for Vocational Qualifications, responsible for introducing a new system of vocational qualifications, is likely to have completed most of its work by 1991.

Mr Oscar DeVille was speaking at the council's second annual conference in London. The Government established the council to work with industry to rationalise Britain's fragmented set of vocational qualifications into a common framework.

Textile pay claim goes to arbitration

By Fiona Thompson, Labour Staff

A PAY claim from 6,000 textile finishing workers is to go to the Advisory, Conciliation and Arbitration Service following a breakdown in talks.

Minister warns action at Short's may hit prospects

By Our Belfast Correspondent

MR PETER VIGGERS, Northern Ireland Industry Minister, yesterday expressed concern about industrial action at Short Brothers, the Belfast aerospace company, and warned that it could adversely affect the company's prospects.

Mr Viggers said it was up to the work force to demonstrate that the company was efficient and viable and anything which portrayed Short's in a bad light would be bad for them.

Employers to take lead on training

By John Gapper

THE PROSPECTUS for the new Training and Enterprise Councils published yesterday says that TECs would be the rotunda boroughs of industry, writes Fiona Thompson.

Mr Michael Mescher, shadow employment secretary, said yesterday that TECs would be the rotunda boroughs of industry, writes Fiona Thompson.

As well as this, the TEC will be encouraged to supplement the fund by raising money from employers and other sources. In the first year, the Government will match money raised up to £25,000. Each subsequent year, money raised will be matched up to a total of £10m for the whole of the country.

meeting targets may move up to 5 per cent of a block between the first four and another 5 per cent with the approval of the Training Agency regional director.

Construction at record

By Andrew Taylor, Construction Correspondent

CONSTRUCTION output in the UK was worth a record \$40.5bn last year, 17 per cent more than in 1987, the Environment Department said yesterday.

Figures published last week by the Environment Department showed that total orders won by contractors last year rose by 5 per cent to £26.2bn. The biggest increase was for orders for private commercial work, up by 24 per cent.

Curb sought on Names' indemnity

By Nick Barker

LOYD'S of London, the insurance market, wants to make £50,000 the maximum amount of compensation it will pay to any of its 31,000 members, or Names, if the member loses money because of the insolvency of the underwriting agent that manages his or her affairs.

J. Rothschild loses tax appeal

By Raymond Hughes, Law Courts Correspondent

J. ROTHSCHILD Holdings, the financial services group, has failed in its second attempt to rid itself of a £1.8m stamp duty claim made against it by the Inland Revenue in respect of a merger transaction.

RIT and Northern under an agreed merger. The dispute with the Revenue concerned Rothschild's return of allotments of its shares for RITN shares. The form included two items: one related to an allotment in respect of acceptances by RITN shareholders at December 19 1983, which amounted to less than the £1.8m of stamp duty.

Pension plans win Moore's broad approval

By Our Financial Staff

MEASURES to improve the protection of occupational pension scheme members have been broadly approved by Mr John Moore, the Social Security Secretary.

Isle of Man deposit base surges to record £4.6bn

By Ian Hamilton Fazey, Northern Correspondent

THE Isle of Man experienced a record surge in its deposit base in 1988, gaining 26 per cent to more than £4.6bn.

China lens deal for Pilkington

By Ian Hamilton Fazey, Northern Correspondent

SOLA INTERNATIONAL, part of Pilkington Visioncare, Pilkington's spectacle subsidiary, and China North Industries Corporation (Norinco), have set up a \$3.5m (£1.5m) venture in China, called Norinco Sola, to make and sell plastic lenses.

China lens deal for Pilkington

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# Our Olympic track event



In 1988, during the Seoul Olympics, GEC trains carried most of the fifty million passengers travelling to and from the Games.

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# FINANCIAL TIMES

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Saturday March 11 1989

## Unlucky Mr Lawson

THE BRITISH love a good drama. In the world of finance it is the Budget that best satisfies this enthusiasm. After months of "purdah" the Chancellor emerges, battered red case in hand, to deliver his gifts, both welcome and unwelcome, to an expectant nation. It is a peculiar spectacle. With consideration of revenue carefully isolated from that of expenditure, no coherent analysis of the balance between taxation, on the one hand, and public expenditure, on the other, occurs. Furthermore, as Messrs John Kay and Mervyn King remark of tax reform in their book on the British tax system "several years of inertia lead to a frenzy of ill-considered change, after which torpor is restored. The mania for monetary measures that reform will almost always be given inadequate consideration."

During much of the postwar period even so feeble a drama was judged worthy of meticulous attention. Fiscal policy was for steering the economy; it was the principal instrument for this purpose as well. But neither proposition is true today. Monetary policy has become far greater macro-economic importance. The Chancellor of the Exchequer has also asserted that the reform is complete. It would be wise, therefore, to expect little of this year's Budget drama.

### Stagflationary phase

It would also be wise to remember the longer term context within which this Budget occurs. The UK is entering the stagflationary phase at the end of an all too familiar sequence, one that starts with monetary expansion and continues via rising asset prices and soaring consumer demand. Then come rapid growth of output, productivity and profits along with rising investment and imports. Finally, one sees higher inflation of wages and prices, an exchange rate crisis and then stagflation.

### Fiscal looseness

There is an intriguing counter-argument. For any given level of demand the counter-inflationary pressure would be greater with a higher rate of exchange. If the fiscal policies were too tight, the Chancellor would, it is argued, be encouraged to cut interest rates and so allow a lower exchange rate too soon, with damaging consequences for inflation. In other words, fiscal looseness might actually be counter-inflationary because it would throw still greater weight on monetary policy and the exchange rate.

Given the Chancellor's attachment to the supply-side argument for tax cuts, he must have fitted with the argument. Might he show the courage of Mr Patrick Minford's convictions, cut taxes by £10bn and welcome the consequences for monetary policy? It is most unlikely. Political resistance to higher interest rates has become too strong, while the Government can hardly feel any need to take such a risk. In the end the net tax cuts in the Budget will be modest, probably significantly less than the £24bn-£25bn required for neutrality. Whether even such frugality will allow the Chancellor to guide the economy through its present extended "blip" without either a permanent rise in underlying inflation or a severe recession is quite another question.

## Peter Norman examines Budget options available to the Chancellor

It is his misfortune to have to present next Tuesday's Budget for 1988-89 at a desperately uncertain phase in the economic cycle. When he stands at the despatch box, drawing the secrets of next year's taxes from William Ewart Gladstone's battered red Budget Box, Mr Lawson will attempt to take a course towards "soft landing" for Britain's overheated economy.

After last year's growth, Britain faces an economic hangover. Year on year inflation stands at 7.5 per cent and rising. The current account deficit is running at a record £20bn annual rate. It is unclear when either will turn for the better.

On the markets, he risks being squeezed between a weak pound and excessively tight policies. The weakness of sterling ahead of the January trade figures on March 1 was an awful warning that his strategy of relying on monetary tightness to compress demand is vulnerable to external factors that could force an unwelcome increase in interest rates with the consequent risks of stagflation.

This week's news of a sharp 2.4 per cent drop in retail sales volumes in January suggests the Treasury cannot overlook the dangers of fiscal and monetary overkill. While Mr Lawson's overriding priority is to bring inflation under control, he is walking a fine line between the desired slow-down and the dangers of recession.

The authorities' reaction to sterling's weakness gave a possible clue to the macroeconomic strategy of the Budget. The Treasury and Bank of England chose not to raise interest rates from the current 13 per cent level to defend the pound. That suggests the Chancellor will aim for a fiscally cautious Budget to keep faith with financial markets.

So far, virtually all the talk in financial markets and among economic pundits has been of a prudent and cautious or dull and boring Budget despite Mr Lawson's huge public sector surplus of, perhaps, £15bn in the current financial year. But a cautious Budget may not go down too well in the House of Commons where Sir William Clark, chairman of the Conservatives' backbench finance committee, has urged tax cuts of £5bn. Budget day in parliament is, of course, Mr Lawson's day: a chance to show some of the tricks that earned him his reputation as an economic miracle worker in happier times.



Income tax and National Insurance Contributions as a percentage of gross earnings					
Married couple with two children, one earner, taking account of child benefit					
Av. earnings	X 1/2	X 3/4	X 1	X 1 1/2	X 2
1973-74	4.3	14.5	19.6	23.6	25.2
1978-79	2.5	14.6	20.9	26.2	27.9
1988-89	7.1	16.1	20.5	23.2	23.4

Source: HM Treasury

## Uncertain times for a reformer

Day role as a friend of urban wildlife, feeding the ducks in St James's Park. These photo opportunities are a reminder of how the Chancellor must play to his third audience: the voters. The Budget is a major political event. Even though it deals only with the taxation side of the public ledger and does not fix government spending.

Although a general election is perhaps two years away, Mr Lawson may be conscious of the Government's lacklustre performance in recent by-elections. With many traditional Tory supporters suffering from last year's step-by-step increase in bank base rates to 13 per cent from 7.5 per cent, he has to leave the voter feeling happier - or at least not further distressed.

The Chancellor's way of pleasing all these groups may be to look well beyond the next financial year. "We are going to hear an awful lot about paying off the national debt," predicts Mr Andrew Dilnot, a programme director at the Institute of Fiscal Studies. Professor Mervyn King of the London School of Economics believes Mr Lawson may present a "Budget for the future" in which today's surpluses are presented as easing the burdens of

British society as it ages under the impact of demographic change. It is a symptom of how far the UK economy is perceived as having over-heated that financial markets will probably only be satisfied if they see an increased budget surplus or public sector debt repayment in the coming year. This will necessarily limit tax cuts.

City analysts generally expect Mr Lawson will cut taxes by a net £2bn. This figure is reached after statutory indexing of personal tax allowances and raising excise duties on items such as petrol, alcohol and tobacco in line with last December's 6.8 per cent annual inflation rate. The feeling among research groups such as the IFS or the National Institute of Economic and Social Research is that he could opt for net tax cuts approaching £2bn.

Britain's progressive income tax system poses a dilemma for the Chancellor. Because wages rise faster than inflation, the burden of taxation automatically rises. In normal times such real fiscal drag means the Chancellor must cut tax rates to ensure that revenues do not increase as a percentage of gross domestic product. Mr Lawson has been able to grab headlines as a tax cutting Chancellor and appear more generous than he really was. This year, he must do the reverse. He must give the impression of a hair shirt Budget to please financial markets and yet not squeeze the economy to such an extent that it teeters into recession later this year.

Mr Lawson's dilemma is that he must also bear in mind that many Conservative backbenchers would favour a "Budget for the working poor" to help the lower paid in contrast to last year's Budget which largely benefited upper income groups. Others would like to see a Budget for savers or investment following the sharp drop in the personal

savings ratio to 1.3 per cent in the third quarter of last year. The Chancellor also has his own preferences. Despite criticism, he regards last year's Budget as a milestone, encouraging the supply side of the economy. He has set the goal of a 20 pence in the pound basic rate for income tax. If, as many commentators expect, this is his last Budget, he would presumably want to point towards further tax cuts in the future.

Taking the £2bn net tax cut as a benchmark, Mr Lawson is generally expected to increase by more than inflation the personal allowances that apply before people start paying the 25 per cent basic income tax rate. Such a move would take some low paid out of the income tax net altogether. The cost of indexing the personal allowances and the threshold before the 40 per cent higher income tax rate bites would be £1.6bn, most of which could be met by a £1.7bn increase in revenues if excise duties were "revalued" upwards in line with inflation. If Mr Lawson doubled the indexation of personal allowances to 13.6 per cent, it would cost £1.5bn more than statutory indexation. A more likely course could be a 10 per cent increase in personal allowances at a cost of

£900m extra. This could appeal to the Chancellor for several reasons. It would fit in with his belief that the present retail price index exaggerates the underlying rate of inflation by about two percentage points by virtue of including mortgage interest rates. Mr Lawson also believes that higher allowances carry few political dividends for the Conservative Party. They fail to grab headlines and reward few natural Tory voters. A 10 per cent increase could also leave room for a possible one percentage point cut in the basic income tax rate.

Cutting the basic rate to 24 per cent would be a remainder of his 20 per cent pledge and retrospective confirmation of the economic wisdom of last year's tax cuts. A one penny cut would cost the Government £1.4bn in 1988-89 and £1.7bn the following financial year. Combined with a 10 per cent increase in allowances, it would nearly absorb the £2bn of net tax cuts that the City believes Mr Lawson will make.

But the arithmetic is probably too neat. Mr Lawson delights in surprising surprises. If possible, he will want to compound the frequent predictions that he is bound to introduce a Budget next Tuesday. One welcome surprise would be reform of income tax and national insurance contributions at the lower end of the wage scale. This would be an effective way of boosting the income of the working poor and stimulating incentives, such as those shown in the chart, where families earning less than the national average now lose more of their income in deductions than in the 1970s. But experts like Mr Dilnot and Professor King believe there is only a slim chance of such reforms because of political difficulties.

Other desirable tax changes could be shelved for similar reasons. The life assurance industry, which the Treasury would dearly love to tax more, may escape extra levies this year. Inland Revenue hopes of reform to the tax laws concerning capital gains and foreigners could founder on opposition.

There will, however, be many narrower tax changes that have been quietly incubating in back offices of the Treasury, the Inland Revenue and the Customs and Excise over the past 12 months. For example: Company cars are almost certain to be classed again because the Chancellor said last year that under-valuation of this park was "so great that it cannot be put right in a single year." Lead free petrol duty may be held down following Mrs Thatcher's conversion to "Green" politics. Personal equity plans, introduced by the Chancellor in his 1987 Budget to encourage investment in equities, may be given a boost. But, despite strong lobbying from the investment industry, changes are generally expected to fall short of copying the successful French *loti Monroy* which gives tax relief to income when invested in equities. Working pensioners could well benefit from abolition of the earnings rule which forces a cut in the state pension once gross earnings go above £75 per week. The Budget may also see changes to Business Expansion Scheme rules to prevent investors in so-called close companies benefiting from two sets of tax relief. The Government may halt tax avoidance on investment income in advance of the planned separate taxation of husband and wife next year. Tobacco duties could be over-indexed for reasons of public health. But because of tight pre-Budget secrecy, all forecasts are really no more than guesses. As Andrew Dilnot of the IFS comments: "This will be my eighth Budget, and I've been wrong seven times so far."



Few individuals can move an entire stockmarket. But Sir James Goldsmith, with a little help from his long-standing friend and business associate Jacob Rothschild, seemed to achieve just that this week. The frisson which ran through London share prices in response to news that the duo intend to join the UK corporate acquisition game (via a medium-sized leasing company called Anglo Leasing) must have provided Sir James with some gratification. After all, over the past 30 years, the flamboyant billionaire has been ranked Britain's fifth richest individual after the Queen, Sir John Moores, Garry Weston and the Duke of Westminster - has not always found Britain, the City and, most especially, the British press, particularly welcoming. Indeed, by the end of the week, Sir James himself seemed rather tickled by the reaction. "I'm just surprised at how nice people have been," he commented, as he shifted base from Mexico to New York. Perhaps it was the family honeymoon period that would soon wear off? "Oh, I do hope so," he replied, expressing amused dismay at the thought that age might be according him new respect.

## MEN IN THE NEWS

### Jacob Rothschild and James Goldsmith

# Waltzing back into the limelight

By Nikki Tait



acquiring Cavenham Hall in Suffolk, from which Goldsmith's food company derived its name 50 years later. His son Frank - Sir James's father, trained as a barrister, and in 1910 became an MP. However, in the wake of the war, Frank Goldsmith moved again, this time back to Paris, where he established a hotel business and married. Sir James was born in 1923. Sir James' education was British - Millfield and Eton - but not, apparently, a source of great delight. According to his biographer, Goldsmith won a three-horse accumulator bet aged 16, pocketed a princely £8,000, and promptly left. Much of his subsequent, highly colourful, life has been lived in the public arena, encompassing his element with and marriage to the Bol-

shian heiress Isabel Patino; her subsequent death from a brain haemorrhage; Cavenham Food's quick acquisition programme in the early 1970s; Sir James's step into the breach at Slater Walker after its collapse; the bitter libel battle with the satirical magazine Private Eye; and the rise and fall of his short-lived weekly news magazine Now. In the late 1970s and early 1980s, he switched his attention from the UK market to the US, becoming one of Wall Street's most renowned corporate raiders. With some investment input from the likes of Jacob Rothschild, Kerry Packard, Gianni Agnelli and Lord Hanson, his targets included Diamond International, St Regis, Crown Zellerbach (all food products companies) and then Goodyear

gets eventually. "That it's a combination of things, I do head up a company, with people who are free." Two Americans, Al Dunlap and Russ Kersh, who have been involved with the Crown Zellerbach reorganisation, will front the Anglo Leasing initiative. "Second," he continues, "and I'm trying to keep things simple, I suppose I'm too young to retire. It's really nothing more cosmic than that." Indeed, Sir James and Mr Rothschild are both adopting a rather relaxed stance over the whole Anglo Leasing initiative. Although scarcely as restless as Sir James, the restless, almost laconic Jacob Rothschild has made a fair number of shifts in his time. With a First Class degree from Oxford, he initially joined the family bank, N.M. Rothschild, and has been credited with turning it into a more entrepreneurial force. However, after the famous split with his cousin Evelyn de Rothschild, Jacob went solo, taking Rothschild Investment Trust with him. Well before the de-regulation and City mania of Big Bang, he set about building a financial services group, picking up Charterhouse Group on the way. In 1984 that the sea change came. Marriage plans with Isambard fell through, and the financial services empire was abandoned. Since then, most publicity about Jacob Rothschild has attached to his role as chairman of the trustees of the National Gallery. Some City observers have wondered whether he had lost his enthusiasm for the order and thrust of the Square Mile. So, in some respects, this week's heady reception represented a double welcome. "As I was saying to Jacob," remarked Sir James amiably, "it's like being two old dancers back on stage." But perhaps no one should be fooled. They can doubtless manage a fast and fearsome tango when they wish.



## How will the Budget bite?

What's coming next? A new boom to sweep you off your feet? A long slow climb? A boring plateau? Or even another downturn in 1990? And how will the Budget affect your investment strategy? It's a time of question marks all round. Yet there's still a lot of money to be made. One thing is certain - you need information. You need to know what the experts are thinking - before most of them are thinking it! You need Investors Chronicle! It gives you the answers. Puts you one step ahead of the field. Every week Investors Chronicle can tell you what you need to know to be successful on the stockmarket. Analysis of company results. Forecasts of profit. Tips on share and stockmarket bargains. Advice on new opportunities. Investors Chronicle is first with the money news that matters. We give you the facts, without distortion and without wild rumours or hype. It's highly readable, frequently entertaining and always well informed. Whether you're an investor on the sidelines or a big time operator making headlines, Investors Chronicle is one investment that's guaranteed worthwhile. Order next week's special Budget issue from your newsagent. £1.20 - from Friday.

**INVESTORS**  
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UK COMPANY NEWS

Rapid rise in imports and strong £ blamed for setback  
**Coats Viyella falls 36% to £135m**

By Alice Rawsthorn

COATS VIYELLA, the biggest textile group in Europe, suffered a 36 per cent fall in pre-tax profits from £212.8m to £135.5m in 1988 due to intensely competitive conditions in the UK textile and clothing industries.

Sir David Alliance, chief executive, said trading conditions had been "very tough" last year because of a rapid rise in imports of textiles into the UK fuelled by the strength of sterling against the US dollar and related South East Asian currencies.

If exchange rates had not changed from the previous year, translated profits from overseas operations would have been 29m higher.

Coats warned the City in December that it would report a fall in profits for the full financial year. Its share price, which has performed poorly since it announced a fall in interim profits in early autumn, rose by 7½p to 163p



Sir David Alliance: restructuring almost over

Full year turnover rose to £1.85bn (£1.79bn) but at the operating level, profits fell to £143.6m (£223.5m). Given last year's problems were concentrated in the UK, the tax rate rose from 23 to 32 per cent and Coats paid £43m (£48.2m) in

taxation. Earnings per share fell to 16.1p (29p). The board proposes to pay a final dividend of 9p (same) making a total of 5p (8p).

Coats, like the rest of the UK industry, was trapped between the parallel problems of increasing imports, sluggish exports and erratic demand from its retail customers last year. It experienced weak demand in some areas - like knitwear and hand knitting - and sustained intense pressure on profitability across almost all areas.

In the spring the group began a radical rationalisation programme. The cutbacks were concentrated in the UK where it reduced its workforce by 2,500 people. During the year it shed 4,000 - or 5 per cent - of its employees worldwide.

Yesterday, Coats announced the sale of the Country Casuals retail chain for £13m to Tune-class, an investment consortium led by Mr John Shannon.

The cost of restructuring was expressed as an extraordinary item of £55.2m. Coats also lost £15.8m from its pre-tax profits after charging costs relating to discontinued operations.

See Lex

**Hambros unloads Taylor Woodrow holding**

By Nikki Taft

HAMBROS BANK last night confirmed that it has disposed of its 4.9 per cent holding in Taylor Woodrow, the construction and property group.

It said that the shares had been placed with a group of institutional investors last week. It declined to say what price the shares had been sold at, but said that the bank had made a "modest" profit, after costs, on the sale.

Hambros ended up with its holding after an attempt to place out a near-10 per cent stake in Taylor Woodrow, which had been built up by P&O, the shipping and property group, failed two months ago.

The shares were acquired from P&O by Hambros and Horse Govett, the stockbroking firm, at 600p for a total cost of about £95m. However, the subsequent attempt to place the holding at 605p brought an immediate tumble in the price, and the two parties were left holding the stock.

It was then divided equally between the two purchasers, giving each a holding of 4.9 per cent. Within about a week, Horse Govett, which is now part of the US-based Security Pacific group, had sold on its holding at 570p to a single unidentified purchaser. It therefore took a loss of around £2.1m.

Hambros, meanwhile, appeared publicly more relaxed about its stake, saying that it did not intend to bale out of the shares at those sort of prices. Yesterday, it said that although it had never planned to be a long-term holder, it had expected to hold for rather longer than was actually the case. However, given the improvement in the price and the availability of buyers, it decided to sell.

Yesterday, the Taylor Woodrow share price was steady at 615p.

**Mid Kent's plc plans thwarted by the raising of French stakes**

By Andrew Hill

INCREASED INVESTMENT in Mid Kent Water Company by two French water suppliers has upset plans for radical restructuring of the statutory company, which would have given Mid Kent an eight-month headstart over its 28 statutory rivals and the 10 water authorities.

But on Thursday, Compagnie Générale des Eaux, France's largest water supplier, and SAUR Water Services, a subsidiary of Bouygues, the French construction and service group, increased their stakes in Mid Kent to 23.9 per cent and 16.6 per cent respectively, when Morgan Grenfell sold its holding.

The approval of both French groups is crucial to the success of the scheme, and the launch has been postponed while they consider the proposals.

Mid Kent's adviser, Brown Shipley, hopes the restructuring will go ahead next week, but the plan is likely to test the French water suppliers' states intention to allow a large degree of autonomy to British water companies in which they have invested.

Statutory company stockholders were to be asked to convert their stocks into shares of the new public company, releasing Mid Kent from dividend controls and allowing it to diversify into other local services.

So far most of the UK statutory water companies have

gone along with the plans of the three large French investors in the sector, and 12 have recommended bids from the French companies. But other UK water companies seem to be biding their time while the rival French investors offer tokens of friendship.

Générale des Eaux and SAUR now hold large opposing stakes in three statutory water companies: Mid Kent, Richmond and Colne Valley while Générale des Eaux and a third French supplier, Lyonnaise des Eaux, hold large blocks of Bristol Waterworks' voting stock.

A full bid for any of these statutory water companies would be further complicated by Government merger policy in the water industry. Offers for water companies with assets of over £30m have to be referred automatically to the Monopolies and Mergers Commission.

**Wm Bedford shares hit by profit fall**

With second-half profits halved to £141,000, William Bedford, a USM-quoted antique dealer and restorer, suffered a 64 per cent downturn in pre-tax profits for 1988, from £217,000 to £76,000. The shares responded with a 15p fall to 80p.

Earnings fell to 4.2p (11p) per 5p share and the final dividend is cut from 5p to 1p. There was no interim, so this compares with a total of 4.65p for the previous year.

Mr John Bedford, chairman, said that the overall result was very much as predicted at the interim stage. He added that the lower turnover figure, 24 per cent down from £3.56m to £2.72m, was entirely due to a fall in export sales, whereas home sales had shown a small increase.

The value of the company's stock had increased 12 per cent over the year, and Mr Bedford expected this trend to continue.

He said that the sale of the lease of the company's showrooms in Camden Passage, London, was completed in December at a small premium over the book value.

He believed that trading conditions would continue to be difficult for the foreseeable future and that it was unwise to predict any significant improvement in the results for the current year.

**Strong advance from Sotheby's**

By Clare Pearson

SOTHEBY'S HOLDINGS, the international auction house floated on the New York and London stock markets last May, saw its net income more than double to \$11m (\$18m), up from \$4.5m, in the fourth quarter to December 31.

Net income for the year rose by 80 per cent to \$62m (\$38m), scored on operating revenue of \$349m (\$279m).

Mr Michael Ainslie, president and chief executive of Sotheby's said yesterday that net income worldwide has more than tripled since 1985, reflecting the growth shown in recent years.

The very strong autumn season art sales looked particularly impressive given that the 1987 season included the sale of Van Gogh's "Irises" to the Australian businessman Mr Alan

Bond at a price of \$53.2m, the highest ever paid for a painting at auction.

Mainly thanks to North American salerooms, auction sales for the quarter rose 45 per cent to \$948m and operating profit increased 34 per cent to \$55m. For the year, sales were \$1.8bn, up 28 per cent, and operating profit 14 per cent higher at \$116m.

Impressionist paintings continued to underpin the market during the final quarter, although in London the season was also notable for the September sale of Elton John's art and memorabilia collection.

In London, this spring season is to be marked by the sale next month of 25 Impressionist works from the collection of the British Rail Pension Fund. In New York, the sale of eight Impressionist works including those by Gauguin, Renoir, Seurat and Van Gogh is scheduled for June.

Finance operations were also a bright spot, with operating profit more than doubling to \$2.6m, and revenue almost doubling to \$14m, during the year. Sotheby's is engaged in the provision of art-related financing to auction sellers, purchasers and collectors.

Real estate operations continued to post an operating loss. This came out at \$0.8m for the quarter and \$2.1m for the year. Operating revenue stood at \$39m, 23 per cent higher, for the year and \$9m for the quarter.

Earnings per common share for the year were \$2.20 (\$1.54) and for the quarter \$1.11 (\$0.53).

**Perry Group up 53% to £8.4m**

By John Thornhill

PERRY GROUP, the motor dealer, lifted pre-tax profits by 53 per cent to £3.5m in the year to December 31, although this advance was achieved on a Power restated profit for the previous 12 months.

Pre-tax profits for 1987 were revised downwards from £6.0m to £5.4m, because one of its dealerships miscalculated the sales figure.

Mr Martin Lane, formerly of Lex Service, who joined Perry last September as finance director, unearthed the mistake and immediately corrected it.

The company announced that in 1986 and 1987 turnover had been overstated by £340,000 and £382,000 respectively and profit after taxation by £21,000 and £27,000. Earnings per share were overstated by 1.2p in 1986 and 2p in 1987.

In 1988, turnover rose from £332m to £304m. Earnings per share increased to 26.6p (18.1p) and a final dividend of 6.25p was proposed making a total of 3p (7.3p).

The estate agency division, which had underperformed for several years, was sold in June 1988 at a profit of £12m.

New car sales rose by 15 per cent, from 21,000 to 24,277, accounting for £3.5m (£2.3m) of operating profit. Used car sales grew from 6,278 to 11,884, an 89 per cent increase, representing operating profits of £2.7m (£1.9m). Parts, service and bodywork activities yielded operating profits of £7.5m (£5.6m).

And hire purchases, car rentals and car services, in the current year, Perry, like all traders in the motor sector, will be vulnerable to the turbulence in the economy, presumed or otherwise, and the rate of profits growth will slow. Profits may be about 15 per cent up at £3.6m, giving a lower prospective 3½ rate of about 7.8, the most modest acquisitions may push these figures higher but perhaps the company's cautious statements should be echoed. Although Perry is as well-placed as any dealer to defy the expected market trend, that does not mean it will.

**Ricardo profit forecast sparks new row**

By Nikki Taft

THE MID battle over Ricardo, the Sussex-based designer of engines and transmissions, intensified yesterday as the company forecast a sharp profit improvement for 1988/9 and as Schroder Wagg, its merchant bank, stepped into the market to buy Ricardo shares on its own account.

Ricardo said that it expected to make pre-tax profits of not

**Piper Alpha disaster forces Pict into red**

By Max Wilkinson, Resources Editor

Pict Petroleum, the Edinburgh-based oil and gas exploration company, yesterday announced plans for a £2.2m rights issue for the acquisition and development of new fields. It also reported a loss at the interim stage.

The company was hit hard by the shutting down of the Claymore field in the Northern sector of the North Sea after the disaster at the Piper Alpha platform nearby. Pict's half per cent share in Claymore accounted for almost half its turnover at the time of the accident.

Sales in the six months to the end of December fell to £60,000, against £786,000. The pre-tax loss was £264,000, compared with a profit of £35,000.

The rights issue will involve 10,523,658 new ordinary shares, offered at 99p, on a two-for-five basis.

Amerasia Hess, the US oil company which holds 45.5 per cent of Pict has agreed to take up its full entitlement to the rights issue. The remainder has been fully underwritten by Rocco Forte.

Recent successes in the exploration and appraisal of the Waverley and West Firsby oil fields (Pict holds 20 per cent of the latter) has increased the market capitalisation of Pict from less than £2m before the rights issue in February 1987 to about £22m now.

Part of the proceeds of the rights issue will be used to buy a group of exploration and production assets from Amerasia. If shareholders agree, the company is also interested in buying other assets in the North Sea.

It hopes the rights issue will bridge the gap until it receives a positive cash flow from its existing assets, notably its share in the Bob Roy and Ivanhoe fields.

**THF up 18% in quarter**

TRUSTHOUSE FORTE, the hotels and catering group, announced an 18 per cent rise in pre-tax profits to £26m in the quarter to January 31 1989, picked up 140,000 Riverside shares in the market, almost 1 per cent. At the last closing date, First Technology claimed control of 33.4 per cent.

Ricardo reiterated its claim that the terms of the offer - an exit multiple of 12.5 times on the cash alternative price, using forecast earnings - were "inadequate".

With the bid due to reach its final close next Wednesday - it cannot be extended unless a counter-bidder emerges - Schroder Wagg yesterday announced that it intended to buy £1m of Riverside shares in the market, almost 1 per cent. At the last closing date, First Technology claimed control of 33.4 per cent.

**Wagon poised to move into Spanish market**

By John Riddling

Wagon Industrial Holdings, the diversified conglomerate, is poised to move into the Spanish market through the acquisition of an 80 per cent stake in La Ferreteria Vizcaina, a manufacturer of material holding products and cold forged products.

LFV is listed on the Bilbao stock exchange and the agreement is believed to be the first time a British company has been acquired by a British counterpart.

Under the deal, Wagon will pay up to £7.5m for the holding. The purchase will be financed by the issue of 2.13m new Wagon ordinary shares of 35p each at a price of 345p.

The issue, which represents 7.2 per cent of Wagon's enlarged ordinary issued capital, was underwritten by Hill Samuel and was placed in the market yesterday. Wagon's share price fell 2p to 366p.

Wagon, through its Link 51 subsidiary, has had a 30-year relationship with LFV - dating from when the two companies started to produce material handling products.

According to Mr John Hudson, Wagon's chief executive, the principle motive for the acquisition was to provide an outlet for Link's new Eurostar product range which the company has spent in around £6m developing. More broadly, he claimed that Wagon was seeking to develop its network in what was regarded as an increasingly dynamic market.

In the year to December 31 1988 LFV returned profits of £960,000 on sales of £14.8m. Restated on the basis of Wagon's accounting and reporting policies, pre-tax profits would have been £1.66m and net tangible assets would have been £4.7m.

**Ex-Blue Arrow chief gets £285,000 payoff**

By Clay Harris

BLUE ARROW paid £285,000 in compensation for loss of office to Mr Christopher Castlemann, who resigned in January 1988 after only three months as chief executive of the employment agency.

According to the company's accounts for the year to October 31 1988, published yesterday, the highest paid director, Mr Mitchell Fromstein, the head of Manpower, who was sacked in December last year before returning as group chief executive in January 1989, received £310,000.

Mr Tony Berry, the chairman who was stripped of his executive duties in that boardroom coup, was paid £438,000 in 1987-88. Any payments to him for loss of office will not show up until the accounts for the current year are published.

The next highest paid director received no more than £210,000, although if that figure referred to Mr Castlemann, it would not include the loss-of-office compensation.

**DIVIDENDS ANNOUNCED**

Company	Dividend	Ex-date	Record Date	Yield
Alliance Trust	5.00	Apr 21	19.5	31
Bedford (Wm)	1.00	May 12	3	1
Coats Viyella	9.00	July 1	6	9
European Leisure	0.50	Jul	n/a	0.1
Footway (Ltd)	1.50	May 4	1.5	2.5
GC Flooring	0.90	May 2	0.8	2
Kleinwort Small	2.50	Jul	2.12	3,675
Perry Group	6.25	July 3	5.3	9
Sale Tilley	6.00	Apr 28	6	10.5

**LONDON RECENT ISSUES**

Company	Issue	Price	Yield
British Home Retailers	10p	77 1/2	12.5
British Airways	10p	105	10
British Telecom	10p	110	9
British Airways	10p	105	10
British Airways	10p	105	10
British Airways	10p	105	10

**RIGHTS OFFERS**

Company	Price	Yield
British Home Retailers	10p	12.5
British Airways	10p	10
British Telecom	10p	9
British Airways	10p	10
British Airways	10p	10

**TRADITIONAL OPTIONS**

Company	Option	Price
First Dealings	Mar 6	
Last Dealings	Mar 31	
Last Declarations	Jun 15	
For settlement	Jun 28	

along with the interim dividend payable in October.

Mr Rocco Forte, chief executive, said the group had plans to open an average of two new properties each week in 1989.

THF shares fell 1½p to 207½p yesterday.

**Apricot stake prompts acceleration of takeover talks  
DDT recommends £7.2m all-share bid from Vistec**

By Clay Harris

DDT GROUP, the computer maintenance contractor, yesterday recommended a £7.2m all-share takeover offer from Vistec, the USM-quoted computer services and supplies group.

The success of the bid largely depends, however, on the attitude of Apricot Computers, the personal computer manufacturer which last week raised its stake in DDT to 29.75 per cent. Apricot said only that it looked forward to reading the offer document.

Mr James Crook, DDT chairman, admitted that one purpose of the bid was to flush out Apricot's intentions. The stake was having a destructive and destabilising effect on DDT, he said.

Although talks with Vistec had been under way for several weeks, Mr Crook said they had been accelerated by Apricot's purchase last week of a 10 per cent stake from Mr Ian Whitford, who subsequently resigned as a DDT director.

Mr Crook and Mr Bob Morton, Vistec chairman, said the

bid was intended primarily to create a third party maintenance business with the size and geographical spread to make Vistec a leading player in this market. DDT would account for about 25 per cent of the combined group's sales and profits.

They also signalled that the combined group hoped to sell Data Design Techniques, the small manufacturing business which contributes 5 per cent of DDT's sales. They hoped that Mr Whitford, who remains as director of that division

although he has relinquished all other executive duties, might stage a buy-out. He was not available for comment yesterday.

Vistec is the latest stock market vehicle of Mr Morton, who steered Burgess Group into a merger with RFP, another electrical engineering company, in 1988. The combined Pilgrim House Group was subsequently taken over by Williams Holdings.

In the meantime, Mr Morton had bought into F&H Group, a troubled designer and manu-

facturer of industrial control systems. Last October, F&H bought Vistec for £2m in shares only days after managers of the communications and viewpoint services company completed a buy-out from Granada Group.

F&H simultaneously bought National Computing Services, a distributor of computer accessories, for £6m in shares. The combined group changed its name to Vistec and sold or closed the remainder of F&H's original businesses.

Vistec shares closed 1p lower at 289 yesterday to value the 40-odd-name offer at just over 11½p, against DDT's market price of 118p, 5p, and the 85p for which Mr Whitford sold his shares to Apricot last week. The shares to be issued would represent 23.1 per cent of Vistec's enlarged capital.

Mr Crook and Mr Neil Spence, DDT's only other director in the wake of Mr Whitford's departure, have given irrevocable undertakings to accept the offer on behalf of 12.4 per cent of the company's shares.



MARKET STATISTICS

ECONOMIC DIARY

TODAY: First national congress of Hungarian Democratic Forum, largest of new independent political organisations, Belgrade. TOMORROW: Leipzig Trade Fair opens (until March 18). Scottish Labour Party conference. Inverness, 1988. First round of French municipal elections. Madagascar general elections.

Communist Party central committee starts two-day meeting on parliamentary election. Moscow. Prime Minister Choochavan of Thailand visits China for talks expected to focus on Kampuchea. The Times forum on legal reform, National Theatre, London.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Mar 89, Apr 89, May 89, Jun 89, Jul 89, Aug 89, Sep 89. Lists various series like GOLD, SILVER, etc.

Table with columns: Index, Day's Change, High, Low, Close. Lists various indices like FTSE 100, etc.

Table with columns: Index, Day's Change, High, Low, Close. Lists various indices like FTSE 100, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Friday March 10 1989, High, Low, etc. Lists various equity groups like CAPITAL GOODS, BUILDING MATERIALS, etc.

Table with columns: INDEX, Day's Change, High, Low, Close. Lists various indices like FT-SE 100 SHARE INDEX.

BANK RETURN

Table with columns: LIABILITIES, ASSETS, ISSUE DEPARTMENT, LIABILITIES. Lists various bank return figures.

BASE LENDING RATES

Table with columns: Bank, Rate, %.

FIXED INTEREST

Table with columns: PRICE INDICES, British Government, etc. Lists various fixed interest rates.



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IC Stockmarket Letter

INTERNATIONAL COMPANIES AND FINANCE

Adsteam lifts dividend as interim profits leap 47%

By Our Financial Staff

ADSTEAM STRAMSHIP, the Australian trading and investment company which holds a stake of just over 10 per cent in Commercial Union of the UK, yesterday posted a 47 per cent increase in net profits in the last year ended December 31. The result is equity accounted and includes Adsteam's share of results from associated companies. After accounting for extraordinary items, overall profit rose 51 per cent to A\$108.2m from A\$71.9m.

Labatt held back by foods side

By Robert Gibbens in Montreal

JOHN LABATT, the Canadian brewer that stands to lose its domestic market leadership to a merger of its two rivals, has reported a 7 per cent decline in earnings for the nine months ended January 31. Labatt, controlled by the Brazilian conglomerate, increased its domestic and export beer market share while brewing results as a whole were better. But lower profit from the foods division dragged Labatt's overall earnings down to C\$87.5m (US\$132.3m) or C\$2.22 a share from C\$106.2m or C\$3.43 a year earlier.

Carnaud holders approve link with MB Group

By Our Paris Staff

CARNAUD, the French packaging concern, yesterday announced further large increases in sales and profits. The company also announced that its shareholders had unanimously approved the merger of the packaging activities of Carnaud with those of Britain's MB Group, formerly Metal Box Group, to create CMB Packaging. It said the new group, with sales of FF2.23bn (\$3.6bn) and 35,000 employees, should be operational from April 1.

Gambro up sharply after cutting production costs

By Sara Webb in Stockholm

GAMBRO, the Swedish manufacturer of kidney dialysis equipment, reported a 22 per cent increase in profits (after financial items) to SKr271.3m (\$42.6m) for 1988. The group said the increase stemmed from a reduction in production costs and from a better product mix. The board proposed raising the dividend by 50 per cent to SKr1.8 per share to compensate for its "earlier comparatively low dividend policy".

DSM to buy US rubber group for Fl 500m

By Our Financial Staff

DSM, the big Dutch chemicals group which was partially privatised earlier this year, is to pay Fl 500m (\$300m) for Copolymer Rubber and Chemical of the US.

Based in Baton Rouge, Louisiana, Copolymer makes ethylene-propylene-di-monomer (EPDM) rubber and has annual sales of about \$600m. DSM, which this week turned in sharply higher profits, said the takeover would give it a leading position in the world market for the material. The deal is to be financed by internal resources.

EPDM rubber is used mostly in weather-resistant applications such as seals, bumpers and hoses. Copolymer produces about 60,000 tonnes of EPDM a year, similar to DSM's own EPDM production at its main Dutch plant.

Copolymer is being acquired from Mark IV Industries, the US measurement systems, aerospace and audio group which last year completed the purchase of the outstanding 50 per cent of Armetek Corporation for \$775m.

In 1988, DSM strengthened its EPDM market position by forming a joint venture with Idemitsu Petrochemical of Japan.

The group said yesterday that DSM and Copolymer had different production techniques, enabling engineers at the two companies to swap know-how and develop new applications for EPDM rubber. DSM was partly privatised in February when the Dutch Government floated a one-third equity stake on the Amsterdam bourse for a Fl 1.3bn issue.

Boosted by strong demand and high-capacity working, DSM made a net profit of Fl 622m for 1988, up from Fl 442m in 1987. The result was modestly ahead of prospects forecast.

The company has been substantially restructured in recent years as the Government groomed DSM for the stock market. It is Europe's sixteenth largest chemicals group.

To some extent, however, DSM remains exposed to the cycles affecting bulk chemicals and plastics, and has problems with relatively low profitability in its fertilizer division.

Correction M Peberay's FT, in an item about Mr Michel Peberay, incorrectly printed a photograph of Mr Georges Peberay.

Intel chip battle partially resolved

By Louise Kehoe in San Francisco

A LONG-RUNNING dispute over microprocessor technology between Intel and Advanced Micro Devices (AMD), two of Silicon Valley's largest chip makers, was partially resolved late yesterday by the decision of an arbitrator.

The outcome of the dispute may eventually determine whether Intel must license AMD to manufacture its highly prized 386 microprocessor, a chip used to power high-performance personal computers.

The 386 represents one of Intel's most important and profitable products. Breaking with industry tradition, Intel has not licensed other chip makers to produce the chip.

It claims that \$100m was spent on developing the 386 and says it is seeking the maximum possible return on the investment. AMD, which is headed by Mr W.J. Sanders, claims Intel is obliged to license AMD to produce the 386 under terms of a 1982 agreement in which the



W.J. Sanders, head of Advanced Micro Devices

companies agreed to swap chip designs, including Intel's microprocessors. Intel has, however, steadfastly refused to transfer the 386 to AMD.

Intel terminated the agreement in 1987, claiming that AMD had failed to come up with products of adequate value in exchange for its latest microprocessor.

One aspect of the dispute has now been settled.

In his ruling, retired Judge Mr J. Barton Phelps said Intel had breached its "implied covenant" with AMD by failing to negotiate reasonably with the company over the specifications for a product that AMD wanted to exchange for the 386.

Judge Phelps ruled that AMD was entitled to damages for Intel's breach. These damages might include monetary damages, attorney's fees and costs, the judge said.

Interpretations of the ruling differ, with Intel claiming the

judgment implies it will not be forced to grant AMD the right to manufacture the 386 or to accept the AMD product in exchange.

Intel points out that the judge states in his ruling that AMD "though not entitled to specific performance (of the original contract) is entitled to provable contract damages from Intel."

On the other hand, AMD notes the judge has not ruled on any form of award in the case, including granting AMD manufacturing rights to the 386.

The AMD-Intel dispute is clearly far from over. The arbitrator has still to consider the facts relating to several other chips and only then will he address the issue of compensation.

The arbitration is scheduled to resume next week and is expected to continue into the year's fourth quarter.

Revenue surge at Compaq

By Alan Cane

COMPAQ Information Systems, the mainframe computer company established two years ago as a joint venture between Siemens and BASF, both of West Germany, showed strong growth in revenues and profits last year.

Turnover was DM1.08bn (\$50.8m), an increase of 32.2 per cent over the previous year, while net profits at DM46m advanced 15 per cent. The growth is significantly better than the average for the mainframe industry, which is now less than 10 per cent a year.

Mr Rolf Brillinger, Compaq chairman, announced the results in Hannover this week and growing speculation about the future balance of the company's ownership if, as expected, it takes over the European operations of National Advanced Systems (NAS), the mainframe computer arm of National Semiconductor of the US.

NAS and Compaq both market computers built by Hitachi of Japan.

Late last month, after a bid to take over NAS by the Netherlands-based Memorex-Telex failed through an inability to raise the necessary cash, Hitachi and Electronic Data Systems, the computing services arm of General Motors, announced they intended jointly to buy NAS, selling on the European operations to Compaq.

Mr Brillinger said a letter of intent to purchase the company had been signed but that the final agreement would not be concluded before the end of March.

He said there was no question that the company could find the money. While Mr Brillinger was reluctant to give more details, it is thought that Hitachi is anxious to have a share in the enlarged Compaq group as part of the deal.

Mr Brillinger confirmed that Compaq was also holding discussions with Olivetti of Italy, which markets Hitachi mainframes within Italy alone.

It is understood that Hitachi is primarily concerned to establish reliable marketing channels to Western Europe.

Orders received in the first two months of this year are very encouraging so that, with or without the acquisition of NAS Europe, we expect growth in double figures for 1989.

Acquisition boosts Veba turnover

By David Marsh in Bonn

VEBA, the West German energy and chemicals conglomerate, is increasing its 1989 dividend to DM11 from DM10.50m, a 5 per cent increase, as a result of the group's strong profits trend to continue in 1989.

Group turnover rose to DM44.4bn from DM40.5bn. Part of the 9.6 per cent increase was a result of Veba's acquisition of the chemicals and plastics activities of Dynamit Nobel, which came into force from January last year.

This boosted chemicals turnover by 68 per cent to DM8.2bn from DM5bn. Electricity sales fell 2 per cent to DM10.1bn from DM10.5bn while trading activities rose 9 per cent to DM13.4bn from DM12.3bn. Oil turnover fell to DM3.2bn from DM3.7bn as a result of lower prices and falling volume.

Fixed-asset investment rose to DM2.8bn from DM2.5bn, with DM1.5bn or 55 per cent coming from the electricity sector. This was the same as 1987, when electricity made up 61 per cent of investments.

Partly as a result of mild weather, electricity sales fell 2 per cent to 70bn KW hours. Veba said the chemicals sector enjoyed continuing high demand with capacity utilisation rising to 87 per cent from 84 per cent in 1988.

Oil production rose to 3.4m tonnes from 2.4m tonnes as a result of higher output from Libya. Refinery capacity was 97 per cent utilised.

Mediobanca registers strong half year

By Alan Friedman in Milan

MEDIOBANCA, the Milan merchant bank whose top executives may face criminal charges over alleged falsification of balance sheets, yesterday reported a 46 per cent increase in pre-tax profits to Lit62.9bn (\$120m) for the six months ended 1988.

The improvement was mostly achieved on higher income from underwriting commissions and intermediation and from an improvement on the securities side of the bank.

The bank has made no comment about a request three weeks ago from the Milan public prosecutor for the criminal indictment of executives on charges alleging the falsification of balance sheets to disguise secret funds.

Mediobanca revealed its list of key shareholders, including 17 private sector groups that together control 25 per cent of the bank's capital. The list shows that Fiat, Generali, Pirelli, Lazard, Oil-

vetri and three other companies each control an effective 2.25 per cent of Mediobanca, thanks to their membership in a special consortium known as Fin Priv.

The consortium, in turn, owns an extra share stake beyond the 2 per cent holdings of each of the above.

Three state-controlled banks own a total of 25 per cent of Mediobanca, while unit trusts hold 6.26 per cent. The remaining 43.74 per cent is controlled by 46,000 shareholders.

WORLD COMMODITIES PRICES

Table with columns: Commodity, Latest price, Change on week, Year ago, High 1988/89, Low 1988/89. Includes Gold, Silver, Aluminum, Copper, Lead, Nickel, Zinc, Tin, Cocoa, Coffee, Sugar, Wheat, Cotton, Wool, Rubber, Oil.

SPOT MARKETS

Table with columns: Commodity, Price, Change. Includes Crude oil, Premium Gasoline, Heavy Fuel Oil, Naphtha, Petroleum Argus Estimates, Gold, Silver, Platinum, Lead, Aluminum, Copper, Nickel, Tin, Zinc, Castles, Sheepshead, Pigs, London daily sugar, London daily copper, Tare and Lyle export price, Barley, Maize, Wheat, Rubber, Rubber (UK), Coconut oil, Palm oil, Soyabean, Cotton, Wooltops.

Table with columns: Commodity, Close, Previous, High/Low. Includes SOYABEAN 5,000 lb, SOYABEAN 100 tons, MAIZE 5,000 lb, WHEAT 5,000 lb, LIVE CATTLE, LIVE HOGS, PORK BELLIES.

Table with columns: Commodity, Close, Previous, High/Low. Includes LONDON METAL EXCHANGE, COPPER, LEAD, NICKEL, ZINC, TIN, RUBBER, COFFEE, SUGAR, SOYABEAN MEAL, POTATOES, SOYABEAN MEAL, FRESH FRUIT, GRAPE, CORN, WHEAT, BARLEY, OIL SEEDS.

Table with columns: Commodity, Close, Previous, High/Low. Includes SOYABEAN MEAL, POTATOES, SOYABEAN MEAL, FRESH FRUIT, GRAPE, CORN, WHEAT, BARLEY, OIL SEEDS.

Table with columns: Commodity, Close, Previous, High/Low. Includes SOYABEAN MEAL, POTATOES, SOYABEAN MEAL, FRESH FRUIT, GRAPE, CORN, WHEAT, BARLEY, OIL SEEDS.

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Table with columns: Commodity, Close, Previous, High/Low. Includes SOYABEAN MEAL, POTATOES, SOYABEAN MEAL, FRESH FRUIT, GRAPE, CORN, WHEAT, BARLEY, OIL SEEDS.

Per tonne unless otherwise stated. Unquoted, p-pence/kg, c-cents lb. SOYABEAN 5,000 lb mtc cents/100b bushel. SOYABEAN 100 tons metric tons. MAIZE 5,000 lb mtc cents/100b bushel. WHEAT 5,000 lb mtc cents/100b bushel. LIVE CATTLE 4,000 lbs cwt/100b. LIVE HOGS 3,000 lbs cwt/100b. PORK BELLIES 40,000 lbs cwt/100b.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Intervention fears check dollar

THE DOLLAR moved firmer after a larger than expected rise in US employment data, but failed to make a convincing break through key resistance at DM1.8640.

announcement, but at this level investors became increasingly uneasy about the threat of central bank intervention. There were no obvious signs of official dollar sales, but once again, the threat was sufficient to encourage many traders to square off positions ahead of the weekend and await the release of further economic data next week which will include trade figures for January.

overall change from the closing levels on Thursday. While the pound's exchange rate index slipped from an opening level of 96.1 to finish at 96.3, the close was barely changed from Thursday's final calculation of 96.3.

Investors see the figures as providing further evidence of a buoyant economy, and this could put further upward pressure on US interest rates. Euro-dollar deposit rates were marked up on the figures; the three-month rate finished at 10 1/4 per cent from 10 1/8 per cent.

The dollar touched a best level of DM1.8655 soon after the announcement, but at this level investors became increasingly uneasy about the threat of central bank intervention.

The D-mark held steady against the French franc, closing at FF13.3200 from FF13.3000 on Thursday. The franc lost ground to the stronger dollar but was barely changed elsewhere, showing little follow-through reaction to the announcement on Thursday that exchange controls are to be removed for French companies.

£ IN NEW YORK

Table with columns: Mar 10, Last, Premium. Rows for 3 month, 6 month, 12 month.

STERLING INDEX

Table with columns: Mar 10, Premium. Rows for 3 month, 6 month, 12 month.

CURRENCY RATES

Table with columns: Mar 10, Bid, Offer, Spread, Change %.

CURRENCY MOVEMENTS

Table with columns: Mar 10, Bid, Offer, Spread, Change %.

OTHER CURRENCIES

Table with columns: Mar 10, Bid, Offer, Spread, Change %.

FORWARD RATES AGAINST STERLING

Table with columns: Spot, 1, 3, 6, 12 months.

MONEY MARKETS

UK rates firmer

UK INTEREST rates edged up slightly in London yesterday as sterling retreated from its early highs. The key three-month interbank rate rose to 10 1/4-10 1/8 per cent from 10 1/8-10 1/4 per cent on Thursday.

However, trading conditions were relatively relaxed for much of the day since most investors are content to remain on the sidelines and wait for the UK Budget on Tuesday.

The Bank of England forecast a shortage of around \$600m. Factors affecting the market included bills maturing in official hands and a take up of Treasury bills, together with repayment of late assistance drawings of \$33m.

The Bank gave assistance in the morning of \$300m through outright purchases of eligible bank bills in hand 1 at 12 1/2 per cent. Further help of \$200m was given in the afternoon on a revised shortage of \$500m.

POUND SPOT-FORWARD AGAINST THE POUND

Table with columns: Mar 10, Day's price, Bid, Offer, Spread, Change %.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with columns: Mar 10, Day's price, Bid, Offer, Spread, Change %.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Bid, Offer, Spread, Change %.

EURO-CURRENCY INTEREST RATES

Table with columns: Mar 10, Short term, 7 days, 1 month, 3 months, 6 months, 1 year.

EXCHANGE CROSS RATES

Table with columns: Mar 10, Bid, Offer, Spread, Change %.

FT LONDON INTERBANK FIXING

Table with columns: Bid, Offer, Spread, Change %.

MONEY RATES

Table with columns: Bid, Offer, Spread, Change %.

LONDON MONEY RATES

Table with columns: Bid, Offer, Spread, Change %.

TREASURY BILLS (cont.)

Table with columns: Bid, Offer, Spread, Change %.

LEFFE LIABILITIES FUTURES OPTIONS

Table with columns: Bid, Offer, Spread, Change %.

LEFFE IN TREASURY BILLS FUTURES OPTIONS

Table with columns: Bid, Offer, Spread, Change %.

LEFFE FT-SE INDEX FUTURES OPTIONS

Table with columns: Bid, Offer, Spread, Change %.

LEFFE 5% STRIP

Table with columns: Bid, Offer, Spread, Change %.

LEFFE 10% STRIP

Table with columns: Bid, Offer, Spread, Change %.

LEFFE 15% STRIP

Table with columns: Bid, Offer, Spread, Change %.

LEFFE 20% STRIP

Table with columns: Bid, Offer, Spread, Change %.

LEFFE 25% STRIP

Table with columns: Bid, Offer, Spread, Change %.

LEFFE 30% STRIP

Table with columns: Bid, Offer, Spread, Change %.

LEFFE 35% STRIP

Table with columns: Bid, Offer, Spread, Change %.

LEFFE 40% STRIP

Table with columns: Bid, Offer, Spread, Change %.

LEFFE 45% STRIP

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LEFFE 50% STRIP

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LEFFE 55% STRIP

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LEFFE 60% STRIP

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LEFFE 65% STRIP

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LEFFE 70% STRIP

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LEFFE 75% STRIP

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LEFFE 80% STRIP

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LEFFE 85% STRIP

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LEFFE 90% STRIP

Table with columns: Bid, Offer, Spread, Change %.

LEFFE 95% STRIP

Table with columns: Bid, Offer, Spread, Change %.

LEFFE 100% STRIP

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LEFFE 105% STRIP

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LEFFE 110% STRIP

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LEFFE 130% STRIP

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LEFFE 135% STRIP

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LEFFE 140% STRIP

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LEFFE 145% STRIP

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LEFFE 150% STRIP

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LEFFE 240% STRIP

Table with columns: Bid, Offer, Spread, Change %.

LEFFE 245% STRIP

Table with columns: Bid, Offer, Spread, Change %.

LEFFE 250% STRIP

Table with columns: Bid, Offer, Spread, Change %.

LEFFE 255% STRIP

Table with columns: Bid, Offer, Spread, Change %.

LEGAL NOTICE

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF NICO INVESTMENTS PUBLIC LIMITED COMPANY

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 10th February 1989 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £20,000,000 to £10,000,000 by returning capital which is in excess of the needs of the company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Aldrich at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 20th day of March 1989.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undersigned Solicitors on payment of the regulated charge for the same.

DATED this 17th day of March 1989

Cambridge & May, 30 Beaufort Street, London EC2A 4BE.

Solicitors for the above-named Company

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF HEPWORTH PLC

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 10th February 1989 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above-named Company.

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A copy of the said Petition will be furnished to any such person requiring the same by the undersigned Solicitors on payment of the regulated charge for the same.

DATED this 7th day of March 1989

Cambridge & May, 30 Beaufort Street, London EC2A 4BE.

Solicitors for the said Company

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF HEPWORTH PLC

IN THE MATTER OF THE COMPANIES ACT 1985

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Solicitors for the said Company

INTERNATIONAL DIRECT MARKETING

The Financial Times proposes to publish this survey on:

18 April 1989

For a full editorial synopsis and advertisement details, please contact:

Neville Woodcock

at 01-248 2000 ext 3365

or write to him at:

Brackley House

10 Cannon Street

London

EC4A 4BY

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

GRANVILLE

SPONSORED SECURITIES

Table with columns: High, Low, Dividend, Price, Change, etc.

These Securities are dealt in strictly on a matched basis, neither Granville & Co Limited nor Granville British Limited are market makers in these securities.

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Granville British Limited. 8 Lower Lane, London EC2R 8EP. Telephone 01-421 1212. Member of the Stock Exchange & ISA.

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD

TEL: 01-828 7233/5699. AN AFD member. Reuters Code: IGIN, IGI0

FT 30. Mar. 17/21/1735 +3. Mar. 20/29/2099 N/C. Mar. 22/75/2287 -15. Mar. 17/64/1773 +5. Mar. 21/34/2144 N/C. Mar. 23/04/2316 -15.

Prices taken at 5pm and change is from previous close at 5pm

London Tuesday 21st March 1989

FOREIGN CURRENCY MORTGAGES

practical risk management ONE DAY CONFERENCE

Essential information for those offering loans or advice on this highly controversial topic

Speakers include: Howard Flight, Managing Director, Guinness Flight Global Asset Management; Dr Ian Owen, Chief Executive, Eagle Star International; Giles Keating, Chief Economist, Credit Suisse First Boston; Mark Wood, Managing Director, Mortgage Systems Limited; Ben Moorhead and a team of legal experts from Blyth Dutton.

Information and registration details: Philippe Maréchal, Director, Europe Limited, South Haring, Petersfield, Hampshire GU24 5LJ. Telephone: (0738 85) 711. Telex: (0738 85) 763.



WORLD STOCK MARKETS

AMERICA

Confusion about payroll sends Dow into decline

Wall Street

ANOTHER surge in US employment growth and an even greater decline in the nation's jobless rate sent bond and stock prices into retreat on Wall Street, writes Anatole Kalesky in New York.

benchmark long bond fell by over half a point immediately after the announcement. The losses widened gradually through the morning, although the strength of the dollar and the foreign exchanges provided some support.

to 81%, as the market had second thoughts about Thursday's bankruptcy filing by Eastern Airlines. Upjohn fell 1% to \$29.4 in very active trading as investors adjusted positions after several significant drug announcements.

EUROPE

Wait for US jobs figures keeps investors on hold

THE US jobs figures kept Europe waiting nervously for most of the day and caused a mild bout of fitters when they were published, writes Our Markets Staff.

FRANKFURT set off in more positive mood but concern about real business on Sunday returned to haunt the market and prices edged to a lower close as investors awaited the US employment figures.

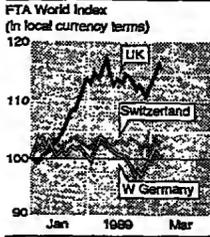
rates, pushed prices lower. The CAC 40 index lost 0.7% to 1,602.28 and the OMF 50 index fell 2.7% to 492.33.

Zurich springs forward from rear of pack

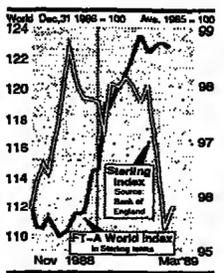
Foreign interest may have helped, but the race is not yet won, writes Will Dullforce

SWISS equities have risen more than 4 per cent since the beginning of January, advancing from the rear of the international pack, where they had lingered throughout 1988, to somewhere in the middle.

European indices



the banking sector, appear to be ready to follow Nestlé's lead. Reaction to the merger of Adia, the business services group, and Inspectorate, the services company, at the end of January demonstrated the persisting communications gap between the Swiss market and investors.



the options yesterday was SF7.1bn and the underlying value of the stocks SF7.5bn. The Basle stock exchange has started continuous trading in the warrant options. They are traded on a permanent basis on the Geneva pre-bourse and Zurich is under pressure to follow suit.

are belatedly worrying about the recent interest rate increases - in Switzerland as well as abroad - along with fears of overheating in the economy and a quickening of inflation.

Other factors have seen renewed foreign demand for Swiss shares, while some of the interest is focused on the non-voting participation certificates, in the continued expectation that they could be converted into other types of shares on favourable terms.

that, with the market bound eventually to be affected by the merger and acquisitions wave, registered shares with a nominal value of SF100 (Sfr3) and one vote should logically carry a premium over bearer shares with a par of SF500 and one vote.

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ASIA PACIFIC

Confidence helps Nikkei end higher after wary start

stocks. These sectors have been neglected recently; investors returned to them yesterday because of an improved environment, including a recovery in the bond market and a firmer yen.

company is attracting interest on reports that its profits will jump in the next reporting cycle and expectations that it will resume paying dividends.

STOCKHOLM was cheered again by the positive profits picture for Swedish companies.

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SOUTH AFRICA

GOLD shares climbed further in active trading in Johannesburg, as the bullion price reached a six-week high before easing towards the close.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns: NATIONAL AND REGIONAL MARKETS, THURSDAY MARCH 9 1989, WEDNESDAY MARCH 8 1989, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Pacific Basin, Euro-Pacific, North America, South America, World Ex. UK, World Ex. Japan, The World Index.

Large advertisement for 'the budget and after' featuring a large stylized title and text about budget days (B-Day, B+1, B+2, B+3, B+4) and the FT's role in analyzing them.

LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Service. Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Tailsman system, they are not in order of execution but in ascending order which denotes the highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 53(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

† Bargains at special prices. ‡ Bargains due the previous day.

Corporation and County Stocks

No. of bargains included 17. Greater London Council 6 1/2% Stk 9092 - 289 (1989). Birmingham Corp 2 1/2% Stk 12829 after - 220 (1989).

UK Public Bonds

No. of bargains included 1. Agricultural Mortgage Corp PLC 4 1/4% Deb Stk 8181 - 234 (1989).

Commonwealth-Government

No. of bargains included 2. Jersey Electricity Co Ltd 6 1/2% Deb Stk 2000 - 250 (1989).

Foreign Stocks, Bonds, etc. (coupons payable in London)

No. of bargains included 5. Greece (Republic of) 5 1/2% 1981 (Asset with Acceptance Card) - 250 (1989).

Registered Housing Associations

No. of bargains included 2. North Housing Association Ltd 8 1/2% Deb Stk 2027 - 300 (1989).

Commercial, Industrial, etc

No. of bargains included 1910. A.H. Higgs PLC 4 1/2% Cum Prt Stk 21 - 55 (1989).

Sterling Issues by Overseas Borrowers

No. of bargains included 31. Asten Development Bank 10 1/2% Ln Stk 2000 (R) - 110 (1989).

Banks and Discount Companies

Included 1278. Australia & New Zealand Banking Group Ltd 10 1/2% Ln Stk 2000 (R) - 110 (1989).

Bridon PLC 6 1/2% Ln Stk 2002-07 - 280 (1989). British Petroleum PLC 10% Ln Stk 410 - 20 (1989).

British American Tobacco Co Ltd 6 1/2% Ln Stk 2000 (R) - 110 (1989). British Airways PLC 10% Ln Stk 2000 (R) - 110 (1989).

British Telecom PLC 10% Ln Stk 2000 (R) - 110 (1989). British Waterways Board 10% Ln Stk 2000 (R) - 110 (1989).

British Airways PLC 10% Ln Stk 2000 (R) - 110 (1989). British Airways PLC 10% Ln Stk 2000 (R) - 110 (1989).

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British Airways PLC 10% Ln Stk 2000 (R) - 110 (1989). British Airways PLC 10% Ln Stk 2000 (R) - 110 (1989).

The Third Market Appendix. No. of bargains included 178. Associated Farmers PLC 10 1/2% Ln Stk 2000 (R) - 110 (1989).

Rule 53(2). No. of bargains included 73. Asten Development Bank 10 1/2% Ln Stk 2000 (R) - 110 (1989).

Shipping. No. of bargains included 401. London & Overseas Freighters PLC 10% Ln Stk 2000 (R) - 110 (1989).

Utilities. No. of bargains included 22. British Gas PLC 10% Ln Stk 2000 (R) - 110 (1989).

Water Works. No. of bargains included 12. British Waterways Board 10% Ln Stk 2000 (R) - 110 (1989).

Unit Trusts. No. of bargains included 78. M.A. American General Fund 10% Ln Stk 2000 (R) - 110 (1989).

Mines - Miscellaneous. No. of bargains included 322. Anglo American PLC 10% Ln Stk 2000 (R) - 110 (1989).

Mines - South African. No. of bargains included 1978. Anglo American PLC 10% Ln Stk 2000 (R) - 110 (1989).

Oil. No. of bargains included 1978. Anglo American PLC 10% Ln Stk 2000 (R) - 110 (1989).

Property. No. of bargains included 2078. Anglo American PLC 10% Ln Stk 2000 (R) - 110 (1989).

SCOTTISH FINANCIAL AND PROFESSIONAL SERVICES. The Financial Times proposes to publish this survey on: Friday, March 17th 1989. For a full editorial synopsis and advertisement details, please contact: KENNETH SWAN on 031-220-1199 or write to him at: 37, George Street, Edinburgh, EH2 2HN. FAX: 031-220-1578. FINANCIAL TIMES

Handwritten signature or scribble at the bottom of the page.

LONDON STOCK EXCHANGE

Equity Budget Account opens firmly

INTERNATIONAL influences suddenly took a back seat as the London stock market moved into the Budget trading Account with a burst of confidence yesterday afternoon.

Account Opening Details table with columns for Date, Time, and Volume.

of more than 14 FT-SE points had been cut to only four points after the news that US unemployment had dipped to 5.1 per cent in February.

week account which ended last night, the FT-SE Index has gained 65.7 points as fears of another rise in UK bank base rates were calmed by relative firmness in sterling.

at mid-session. Seaq volume jumped to 655m shares - among the highest for some weeks - from Thursday's 453.2m.

Dixons on the move

Dixons, the high street electrical retailer, returned to the limelight amid hectic trading as speculation swept the market that a hostile bid for the group was in the offing.

switch to Plessey and says "GEC and Siemens will have to pay over 200p to win Plessey - an exit price below that level is now very unlikely in this sort of market."



was spoken of - on offer in the market. Housebuilders were among the market's biggest winners. Prowling - "overvalued" said one trader - kept 16 to 199p and Barrett, where there was talk of an imminent upgrading by one of the top UK securities houses, put on 6 to 265p ahead.

had risen 19 to 267p and Triplex fell 5 to 159p. But after hours James Wilkes announced that it had bought Neill stock at 267 1/2p to more than double its stake to 9.2 per cent. Wilkes was 4 lower at 267 1/2p.

Cookson ahead

Cookson moved 11 ahead 320p after bids earlier in the week on talk of a rights issue, subsequently downplayed by the company. The shares were also underpinned by several other considerations.

FT-A All-Share Index. Turnover by volume (million). A bar chart showing turnover for Jan, Feb, and Mar.

net 7 firms at 550p. Recent market suggestions that the bank will reveal details of two substantial property sales when it announces preliminary figures on March 23 are now being taken seriously in the City.

GEC apart there were plenty of other good performers in electronics. Cable & Wireless raced up 10 more to 489p on 8.2m turnover after confirmation of the deal with Sprint of the US, while Royal Electronic rallied well to close 7 firms at 379p on volume of 9.5m shares.

with a good earnings growth outlook (the 12m loss than earlier thought), the shares' longer term value remains intact."

COMET

Wagon posse to move into Spanish main. Excitement continued to build in electronics where GEC again led the spotlight with a bid for the group.

COMET remains in focus. Excitement continued to build in electronics where GEC again led the spotlight with a bid for the group.

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WEEK IN THE MARKETS

Tin outshines London metals. LONDON METAL Exchange base metal markets were outshone this week by tin - their first in January to extend this scheme for a further year.

in the recently exuberant base metal markets by the announcement on Monday of substantial rises in LME stocks for several of the leading metals.

brought five falls in a row and left the cash position at \$1,575 a tonne on the week at \$17,650 a tonne.

the strongest of London's leading soft commodity markets was sugar, which was buoyed by persistent talk of Soviet buying.

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LEADERS AND LAGGARDS

Table showing percentage changes since December 30 1988 based on Thursday March 9 1989. Includes categories like Shipping & Transport, Agencies, Chemicals, etc.

APPOINTMENTS

Grand Met Brewing chief. Mr Roger E.G. North has been appointed managing director of GRAND METROPOLITAN BREWING, and will join the board of International Distillers and Vintners.

SUN ALLIANCE SENIOR POSTS

SUN ALLIANCE AND LONDON INSURANCE has appointed Mr A.J. Arthur as group trustee manager and managing director of Sun Alliance Trust Co. Mr G. Baggett, manager, trustee department, is to retire on health grounds.

GRAND MET BREWING

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AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abstract Management Ltd, and others, with columns for name, type, and price.

Table listing unit trusts including Abbey Unit Trust, Abstract Management Ltd, and others, with columns for name, type, and price.

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GUIDE TO UNIT TRUST PRICING. A section explaining the pricing of unit trusts, including details on net asset value, unit price, and how to calculate the price of a unit.

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Main table containing unit trust information, including columns for company name, unit price, and other financial details. The table is organized into several sections: 'OTHER UK UNIT TRUSTS', 'INSURANCES', and various individual unit trust listings.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for MANAGEMENT SERVICES, OFFSHORE AND OVERSEAS, GUERNSEY (ISD RECOGNISED), SWITZERLAND (ISD RECOGNISED), JERSEY (ISD RECOGNISED), and BERMUDA AUTHORISED.

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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their performance, and details. Includes sections for Isle of Man, Luxembourg, Offshore Insurances, and other offshore funds.

LONDON SHARE SERVICE

Table of London Share Service listing various British Funds, Americans, Int. Bank and O'Seas, Corporation Loans, Commonwealth & African Loans, and Foreign Bonds & Rails.

Table of Money Market Trust Funds and Money Market Bank Accounts, listing various financial products and their details.

LONDON SHARE SERVICE

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CANADIANS table with columns for company name, price, and other financial metrics.

BUILDING, TIMBER, ROADS Contd table listing various construction and infrastructure companies.

ELECTRICALS table listing companies in the electrical industry.

ENGINEERING - Contd table listing engineering firms.

INDUSTRIALS (Miscel.) - Contd table listing various industrial companies.

INDUSTRIALS (Miscel.) - Contd table listing various industrial companies.

BANKS, HP & LEASING table listing financial institutions and leasing companies.

CHEMICALS, PLASTICS table listing chemical and plastic manufacturers.

ELECTRICALS table listing electrical companies.

ENGINEERING - Contd table listing engineering firms.

INDUSTRIALS (Miscel.) - Contd table listing industrial companies.

INDUSTRIALS (Miscel.) - Contd table listing industrial companies.

BEERS, WINES & SPIRITS table listing beverage companies.

DRAPERY AND STORES table listing retail and clothing companies.

ELECTRICALS table listing electrical companies.

ENGINEERING - Contd table listing engineering firms.

INDUSTRIALS (Miscel.) - Contd table listing industrial companies.

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BUILDING, TIMBER, ROADS table listing construction and infrastructure companies.

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INDUSTRIALS (Miscel.) table listing industrial companies.

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LONDON SHARE SERVICE

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LEISURE - Contd

Table of Leisure stocks including Leisure Group, Leisure Leisure, Leisure Leisure, etc.

PROPERTY

Table of Property stocks including Property Property, Property Property, etc.

TEXTILES - Contd

Table of Textiles stocks including Textiles Textiles, Textiles Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of Trusts, Finance, Land stocks including Trusts Trusts, Finance Finance, etc.

OIL AND GAS - Contd

Table of Oil and Gas stocks including Oil Oil, Gas Gas, etc.

MINES - Contd

Table of Mines stocks including Mines Mines, Mines Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of Motors, Aircraft Trades stocks including Motors Motors, Aircraft Aircraft, etc.

Commercial Vehicles

Table of Commercial Vehicles stocks including Commercial Commercial, Vehicles Vehicles, etc.

Components

Table of Components stocks including Components Components, Components Components, etc.

Garages and Distributors

Table of Garages and Distributors stocks including Garages Garages, Distributors Distributors, etc.

NEWSPAPERS, PUBLISHERS

Table of Newspapers, Publishers stocks including Newspapers Newspapers, Publishers Publishers, etc.

PAPER, PRINTING, ADVERTISING

Table of Paper, Printing, Advertising stocks including Paper Paper, Printing Printing, Advertising Advertising, etc.

TOBACCOS

Table of Tobaccos stocks including Tobaccos Tobaccos, Tobaccos Tobaccos, etc.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land stocks including Trusts Trusts, Finance Finance, etc.

Investment Trusts

Table of Investment Trusts stocks including Investment Investment, Trusts Trusts, etc.

FINANCE, LAND, ETC

Table of Finance, Land, Etc stocks including Finance Finance, Land Land, etc.

Finance, Land, etc

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OVERSEAS TRADERS

Table of Overseas Traders stocks including Overseas Overseas, Traders Traders, etc.

PLANTATIONS

Table of Plantations stocks including Plantations Plantations, Plantations Plantations, etc.

THIRD MARKET

Table of Third Market stocks including Third Third, Market Market, etc.

Central Rand

Table of Central Rand stocks including Central Central, Rand Rand, etc.

Eastern Rand

Table of Eastern Rand stocks including Eastern Eastern, Rand Rand, etc.

Far West Rand

Table of Far West Rand stocks including Far Far, West West, Rand Rand, etc.

B.F.S.

Table of B.F.S. stocks including B.F.S. B.F.S., B.F.S. B.F.S., etc.

Diamond and Platinum

Table of Diamond and Platinum stocks including Diamond Diamond, Platinum Platinum, etc.

Central African

Table of Central African stocks including Central Central, African African, etc.

Finance

Table of Finance stocks including Finance Finance, Finance Finance, etc.

OIL AND GAS

Table of Oil and Gas stocks including Oil Oil, Gas Gas, etc.

Australians

Table of Australians stocks including Australians Australians, Australians Australians, etc.

SHIPPING

Table of Shipping stocks including Shipping Shipping, Shipping Shipping, etc.

SHOES AND LEATHER

Table of Shoes and Leather stocks including Shoes Shoes, Leather Leather, etc.

SOUTH AFRICANS

Table of South Africans stocks including South South, Africans Africans, etc.

TEXTILES

Table of Textiles stocks including Textiles Textiles, Textiles Textiles, etc.

Miscellaneous

Table of Miscellaneous stocks including Miscellaneous Miscellaneous, Miscellaneous Miscellaneous, etc.

NOTES

Stock Exchange listing classifications are indicated to the right of security names. An Alpha-Beta, Gamma, Delta, Epsilon, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, AA, AB, AC, AD, AE, AF, AG, AH, AI, AJ, AK, AL, AM, AN, AO, AP, AQ, AR, AS, AT, AU, AV, AW, AX, AY, AZ, BA, BB, BC, BD, BE, BF, BG, BH, BI, BJ, BK, BL, BM, BN, BO, BP, BQ, BR, BS, BT, BU, BV, BW, BX, BY, BZ, CA, CB, CC, CD, CE, CF, CG, CH, CI, CJ, CK, CL, CM, CN, CO, CP, CQ, CR, CS, CT, CU, CV, CW, CX, CY, CZ, DA, DB, DC, DD, DE, DF, DG, DH, DI, DJ, DK, DL, DM, DN, DO, DP, DQ, DR, DS, DT, DU, DV, DW, DX, DY, DZ, EA, EB, EC, ED, EE, EF, EG, EH, EI, EJ, EK, EL, EM, EN, EO, EP, EQ, ER, ES, ET, EU, EV, EW, EX, EY, EZ, FA, FB, FC, FD, FE, FF, FG, FH, FI, FJ, FK, FL, FM, FN, FO, FP, FQ, FR, FS, FT, FU, FV, FW, FX, FY, FZ, GA, GB, GC, GD, GE, GF, GG, GH, GI, GJ, GK, GL, GM, GN, GO, GP, GQ, GR, GS, GT, GU, GV, GW, GX, GY, GZ, HA, HB, HC, HD, HE, HF, HG, HH, HI, HJ, HK, HL, HM, HN, HO, HP, HQ, HR, HS, HT, HU, HV, HW, HX, HY, HZ, IA, IB, IC, ID, IE, IF, IG, IH, II, IJ, IK, IL, IM, IN, IO, IP, IQ, IR, IS, IT, IU, IV, IW, IX, IY, IZ, JA, JB, JC, JD, JE, JF, JG, JH, JI, JJ, JK, JL, JM, JN, JO, JP, JQ, JR, JS, JT, JU, JV, JW, JX, JY, JZ, KA, KB, KC, KD, KE, KF, KG, KH, KI, KJ, KK, KL, KM, KN, KO, KP, KQ, KR, KS, KT, KU, KV, KW, KX, KY, KZ, LA, LB, LC, LD, LE, LF, LG, LH, LI, LJ, LK, LL, LM, LN, LO, LP, LQ, LR, LS, LT, LU, LV, LW, LX, LY, LZ, MA, MB, MC, MD, ME, MF, MG, MH, MI, MJ, MK, ML, MM, MN, MO, MP, MQ, MR, MS, MT, MU, MV, MW, MX, MY, MZ, NA, NB, NC, ND, NE, NF, NG, NH, NI, NJ, NK, NL, NM, NN, NO, NP, NQ, NR, NS, NT, NU, NV, NW, NX, NY, NZ, OA, OB, OC, OD, OE, OF, OG, OH, OI, OJ, OK, OL, OM, ON, OO, OP, OQ, OR, OS, OT, OU, OV, OW, OX, OY, OZ, PA, PB, PC, PD, PE, PF, PG, PH, PI, PJ, PK, PL, PM, PN, PO, PP, PQ, PR, PS, PT, PU, PV, PW, PX, PY, PZ, QA, QB, QC, QD, QE, QF, QG, QH, QI, QJ, QK, QL, QM, QN, QO, QP, QQ, QR, QS, QT, QU, QV, QW, QX, QY, QZ, RA, RB, RC, RD, RE, RF, RG, RH, RI, RJ, RK, RL, RM, RN, RO, RP, RQ, RR, RS, RT, RU, RV, RW, RX, RY, RZ, SA, SB, SC, SD, SE, SF, SG, SH, SI, SJ, SK, SL, SM, SN, SO, SP, SQ, SR, SS, ST, SU, SV, SW, SX, SY, SZ, TA, TB, TC, TD, TE, TF, TG, TH, TI, TJ, TK, TL, TM, TN, TO, TP, TQ, TR, TS, TT, TU, TV, TW, TX, TY, TZ, UA, UB, UC, UD, UE, UF, UG, UH, UI, UJ, UK, UL, UM, UN, UO, UP, UQ, UR, US, UT, UV, UW, UX, UY, UZ, VA, VB, VC, VD, VE, VF, VG, VH, VI, VJ, VK, VL, VM, VN, VO, VP, VQ, VR, VS, VT, VU, VW, VX, VY, VZ, WA, WB, WC, WD, WE, WF, WG, WH, WI, WJ, WK, WL, WM, WN, WO, WP, WQ, WR, WS, WT, WU, WV, WW, WX, WY, WZ, XA, XB, XC, XD, XE, XF, XG, XH, XI, XJ, XK, XL, XM, XN, XO, XP, XQ, XR, XS, XT, XU, XV, XW, XX, XY, XZ, YA, YB, YC, YD, YE, YF, YG, YH, YI, YJ, YK, YL, YM, YN, YO, YP, YQ, YR, YS, YT, YU, YV, YW, YX, YZ, ZA, ZB, ZC, ZD, ZE, ZF, ZG, ZH, ZI, ZJ, ZK, ZL, ZM, ZN, ZO, ZP, ZQ, ZR, ZS, ZT, ZU, ZV, ZW, ZX, ZY, ZZ.

REGIONAL & IRISH STOCKS

Table of Regional & Irish Stocks including Regional Regional, Irish Irish, etc.

IRISH

Table of Irish stocks including Irish Irish, Irish Irish, etc.

TRADITIONAL OPTIONS

Table of Traditional Options including Traditional Traditional, Options Options, etc.

Industrials

Table of Industrials stocks including Industrials Industrials, Industrials Industrials, etc.

Property

Table of Property stocks including Property Property, Property Property, etc.

Oils

Table of Oils stocks including Oils Oils, Oils Oils, etc.

Mines

Table of Mines stocks including Mines Mines, Mines Mines, etc.

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# FINANCIAL TIMES

Weekend March 11/March 12 1989

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## Directors at NTT take cut in pay over Recruit scandal

By Stefan Wagstyl in Tokyo

THE DIRECTORS of Nippon Telegraph & Telephone, Japan's largest company, yesterday agreed to take a pay cut to show their regret over the group's involvement in the Recruit financial scandal.

Mr Haruo Yamaguchi, the president, will have his pay cut by 20 per cent for six months. Six senior directors will lose 15 per cent over the same period, and 28 other directors will lose 10 per cent.

NTT declined to say how much their directors earn. Directors in Japan earn substantially less than their counterparts in the US or Europe, but generally enjoy a wide range of perks, including chauffeur-driven cars and company holiday homes.

The decision highlights the Japanese view that a group is responsible for the actions of the individuals that belong to it.

In 1985 Mr Yasumoto Tsegaki, the president of Japan Air Lines, resigned following a Jumbo jet crash in which 520 people died. Two years later the president of Toshiba, the electronics group, resigned after a subsidiary was found to have exported machine tools illegally to the Soviet Union. Last year Mr Tsutomu Kawara resigned as head of the Defence Agency after a submarine collided with a fishing boat.

In the case of NTT, Mr Hisashi Shinto, the former chairman, resigned last December after details emerged of NTT's involvement in the Recruit affair, which concerns the distribution of cut-price stock to businessmen and politicians.

However, Mr Shinto quit because of his personal involvement. He was arrested this week on allegations that he accepted shares in Recruit Cosmos, a property company, in return for helping Recruit, its parent company, start a business in telecommunications. Three other former senior NTT executives have also been arrested.

Three key people involved in the Recruit scandal were arrested yesterday on new charges. Mr Hirohisa Eneo, former chairman of Recruit Company, and Mr Hiroshi Kobayashi, who once headed the firm's financing arm, faced further bribery charges. Both were indicted for bribery last week. Mr Yoshihiro Ono, another former Recruit executive, was charged with bribing Labour Ministry officials.

## Quayle hits at Democrats over rejection of Tower

By Peter Riddell, US Editor, in Washington

MR DAN QUAYLE, the US Vice-President, yesterday strongly attacked Senate Democrats, dramatically undermining attempts by Congressional leaders and the White House to heal the rifts caused by the Senate's rejection on Thursday of Mr John Tower as Defence Secretary.

Mr Quayle's attack came as President George Bush prepared to move quickly in proposing a replacement Defence Secretary. The people being floated by the White House are former Congressmen, Administration officials and businessmen with impeccable private lives who would not face the scrutiny experienced by Mr Tower.

These include former Representative Jack Edwards of Alabama, Senator William Cohen of Maine, Mr Paul O'Neill, the chairman of Alcoa, the aluminium group, and Mr Norman Augustine, the chairman of Martin Marietta.

As leaders of the Democrat-controlled Congress sought to be conciliatory, Vice-President

Quayle accused the Senate Democrats of engaging in a "McCarthyite muck-slinging campaign" and of trying to undermine the presidency because of their frustration over losing five of the last six presidential elections.

In a speech in his native Indiana, Mr Quayle said: "Everyone understands that this is not politics as usual - that this trial and conviction by rumour is a violation of standards of decency that hasn't been seen on the Senate floor since the days of 'tail-gunner Joe' - a reference to the late Senator Joseph McCarthy, whose name became synonymous in the 1950s with smear tactics against alleged Communists in the US Government."

Mr Quayle argued that "those who engage in a McCarthyite muck-slinging campaign piously claim to be the stern upholders of public morality. Senate Democrats are escalating their attack on the powers of the president."

Mr Quayle's attack was strongly reminiscent of the language used by Mr Spiro Agnew when he was Republican vice-president from 1969 to 1973. Mr Agnew took an aggressive role while, as now, the White House was officially conciliatory.

The Vice-President's speech contrasts with President Bush's call on Thursday "to come together and move forward." The strength of his language infuriated leading Democrats who have been saying that the vote against Mr Tower was not intended to harm the President.

In particular, Senator Sam Nunn, who was principally responsible for organising the defeat of Mr Tower, argued that there were no winners in the fight over the nomination.

He adopted a conciliatory tone in a speech to a conference in Philadelphia of the Democratic Leadership Council, a group seeking to move the party to the centre. He warned that the party faced a formidable task in seeking to regain the White House.

The Tower affair, Page 7

## Birds Eye to close factory and lose 1,000 jobs

By Christopher Parkes, Consumer Industries Editor

BIRDS EYE WALL'S, Britain's biggest frozen food maker, is to close its Kirby, Merseyside, factory with the loss of almost 1,000 jobs. It blamed its woes for the decision, announced yesterday.

The company, a subsidiary of Unilever, the Anglo-Dutch consumer products multinational, said the workforce of 500 men and 400 women had failed to accept modern working practices. "Manufacturing costs at Kirby are way out of line with those of all our other factories," Mr Allan Price, chairman, said. "Its low productivity has been holding back the development of the business. The factory is no longer viable."

Production costs were double those in the company's other factories.

Kirby's output is to be moved to the company's Grimsby and Hull works on Humberston, saving more than 400 of the 550 jobs which were to be lost there.

The Kirby factory, opened 30 years ago, will close in September.

Mrs Margaret Thatcher - making her first visit to Liverpool in five years yesterday following the Government's announcement on Thursday of inner-city regeneration initiatives - said the closure was a double tragedy.

"They couldn't get productivity up and couldn't get costs down so Birds Eye are putting jobs in a place where they can," she said. "We had hoped that that kind of reason was a thing of the past and could have been avoided."

The company is to spend a further £10m on Humberston to increase capacity on top of the £20m already committed in the past year.

About £10m was invested 12 months ago to increase capacity for the Captain's Table range of fish-based products. A further £10m was pledged last month for modernisation of the MenuMaster convenience food lines.

Birds Eye Wall's said the Humberston workforce had cooperated fully with its efforts to bring in modern working methods and reduce over-manning.

Two other factories at Gloucester and Lowestoft in Suffolk had also co-operated.

The company had tried for 2 1/2 years to negotiate a voluntary introduction to Kirby of new practices, cutting out demarcation, supervisory jobs and production down-time. Mr Price said, in a scheme similar to that accepted in its other four UK plants. These would have involved 350 redundancies, at a cost of £10m, and a 15 per cent earnings increase for the remaining workers. "But we were unable to reach agreement... We came to a dead-end."

Mr Price said he appreciated the effect the closure would have in Kirby, an area with 21 per cent unemployment, and was prepared to mount a special programme to help people find alternative work.

He said it was not productive to apportion blame. "We have failed to achieve agreement."

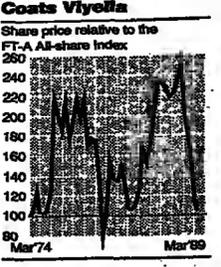
## Eyes down for a boring Budget

FT Index rose 10.8 to 1,724.9

After the Bundesbank had dished out of the interest rate spotlight earlier this week, it was found to be the US's turn yesterday. But the employment figures, though more robust than the market would have liked, were within the margin of error; and wage rates, in particular, show no signs of upward pressure. The US economy, it seems, is neither slowing nor accelerating; the growth rate is maybe half a point faster than the Fed would like, and inflation putters on upwards. So further tightening is still on the cards; but if next Wednesday's US trade figures show the slight improvement the market is looking for, there could be a lull in the meantime.

If both the US and West Germany have gone into neutral, the foreign exchange markets will be the more interested in the specifics of what Mr Lawson has to say on Tuesday. This has been billed as a cautious, not to say boring Budget, if only because the markets have convinced themselves that the Chancellor has very little room for manoeuvre. The signs are that consumer spending has now been squeezed at least as hard as necessary, with John Lewis - the classic bellwether retailer - talking on Thursday about a fall in this year's profits.

But the markets will be vigilant for any sign of fiscal or monetary slackness; and whether or not it is fair to blame the Chancellor for last year's tax giveaways - rather than the cuts in base rate which accompanied it - sterling will be on tenterhooks. Mr Lawson has a deserved reputation for ingenuity, and has a taste for thematic Budgets. If he wants to skirt around his central dilemma, what price a Budget for the Greens?



attempt to tidy them up should be welcomed.

Some might argue that the CSO has simply taken a pile of numbers that do not add up, and forced them to do so, thereby adding nothing to the sum of economic knowledge. It is true that the balanced accounts do not actually improve the quality of the raw data as such. Moreover, as the CSO itself points out, the revised accounts are only as good as the assumptions of its statisticians in allocating the balancing item. Still, it is hard to believe that those assumptions can be worse than none at all; and it is also encouraging that the suggested revisions - a lower trade deficit, a higher savings ratio and so on - are more or less what one would have expected from the anecdotal evidence.

Unfortunately, none of that lets Mr Lawson off the hook. Not only is there much more work to be done on the balanced accounts if they are to replace the old ones, but no amount of balancing can alter the fact that the trade deficit is growing, and that something needs to be done about it.

## Court blocks fishing protection law in constitutional precedent

By Tim Dickson in Brussels

GOVERNMENT moves to protect Britain's fishing fleet from what are seen in London as a growing armada of Spanish "poachers" appeared to have run aground yesterday in the High Court.

In an unprecedented ruling the court directed that UK legislation to outlaw foreign ownership of British registered vessels should not be applied to the owners and managing companies of 95 specified boats until the European Court of Justice had given its verdict on the issue.

It is understood to be the first time that a British court has interfered with an act of parliament in this way.

The Government said last night it would challenge the decision in the Court of Appeal on Monday.

The latest developments add fuel to a row which has been simmering in Brussels for several months and threatens to undermine the whole basis of the European Community's Common Fisheries Policy.

The row centres on the controversial practice of "quota hopping", whereby vessels were chartered to other community states, in most cases from Spain, to

be registering as British or Irish boats in order to take advantage of those countries' national fishing quota allocations.

The practice is estimated to have cost genuine British fishermen about £17m in lost income in 1987. To try to end it, the Government inserted a clause into the 1988 Merchant Shipping Act which would exclude from the UK register vessels which are not 75 per cent British-owned from the beginning of next month.

The move has infuriated the Spanish Government, prompted a reluctant European Commission to start its own legal proceedings on the grounds that restrictions on nationality are contrary to the Treaty of Rome, and inspired the separate legal action by a group of mostly Spanish vessel owners which led to yesterday's surprise court ruling.

Lord Justice Neill said that 20 years ago it would have been "unthinkable" for the High Court to question the validity of an act of parliament. But the courts now had a duty to give effect to European Community law - and, where there was a conflict to

prefer it to national law.

"One cannot over-emphasise that, where applicable, community law is part of the law of England," he said. The European Court was in a far better position to examine the far-reaching issues in the case.

In the meantime the 95 should be allowed to continue in business as they would suffer disastrous financial consequences if the Government ban took effect on April 1.

On past experience the Lrr-embargo timetable could take 12 to 18 months. By then the political debate will almost certainly have moved on. The European Commission, for example, is due to discuss the quota-hopping issue on Wednesday and is bound to be under increasing pressure to come forward with its own proposals to resolve the dispute.

While Brussels takes the view that the nationality requirements in the Merchant Shipping Act are wrong, officials also recognise British arguments that the EC's whole fisheries policy rests on national shares and that the European Court has traditionally upheld the principle of national quotas.

CHIEF PRICE CHANGES YESTERDAY		
<b>FRANKFURT (Deu)</b>		
BMW	518.5	+ 3.7
Lufthansa	159.5	+ 1.5
Volkswagen	348.7	+ 3.6
<b>PARIS (FFr)</b>		
Dunelm Lable	1035	+ 25
Sogerop	383	+ 23
Pelle		
Sacomb	1180	- 50
Malsone Phenix	87.9	- 3.2
Primagaz	675	- 27
Scot	72.1	- 3
<b>TOKYO (Yen)</b>		
Keloid Elect	2600	+ 310
Suzuki Motor	508	+ 53
Tokyo Soil	1250	+ 130
Pelle		
Japan Battery	988	- 84
Mitsui Const	3350	- 80
Nichia Steel	1120	- 80
<b>NEW YORK (\$)</b>		
Philip Morris	113 1/2	+ 3/4
Time Inc.	115 1/2	+ 3 1/2
Warner Comm.	48 3/4	+ 1 1/2
Pelle		
Am. Express	30 1/4	- 3/4
Texas Air	23 1/2	- 1/2
Upjohn	29 1/4	- 1/2
<b>LONDON (Pence)</b>		
Blisse		
Alexon	351	+ 9
Antofagasta	314	+ 20
Arlington Sec.	194	+ 12
Cable & Wire	439	+ 10
Dixons Grp.	198	+ 14
European Land	81	+ 12
Glynwed Int.	330	+ 6
Jaguar	327	+ 5
Neil (James)	251	+ 10
Parfums A.	201	+ 13
P & O Dekt.	702	+ 19
Prawling	168	+ 16
Reed Int.	436	+ 21
St. Charles	522	+ 9
TMD Advertising	232	+ 21
UK Paper	227	+ 11
Ward Hidge	181	+ 14
Pelle		
Ert. Land	305	- 6
Perit Food	182	- 6
Sale Thrive	221	- 15
WPP Grp.	743	- 14

## Foreign BAe stakes breach 15% ceiling

By John Thornhill

BRITISH Aerospace said yesterday that the government-imposed limit on foreign holdings of its shares had been breached because overseas investors controlled more than 15 per cent of the company.

Mr Dudley Eustace, BAe finance director, said the company would force a reduction in the holdings.

It is expected that the last foreign shareholders to appear on the register when the 15 per cent limit was breached - it is now put at a minimum of 15.11 per cent - will be the first to be compelled to sell.

Rolls-Royce, which was privatised with a similar 15 per cent limitation on foreign ownership, also warned yesterday that there was an "increasing risk of the limit being exceeded." It said that 14.3 per cent of its shares were held by overseas investors.

The British Government was asked by the European Commission a year ago to justify the limit.

Under EC law, member states must give each other citizens the same treatment "as regards participation in the capital of companies" unless essential security risks are at stake.

No final decision has yet been taken by the EC on this matter.

Yesterday's statements by the two companies are in effect a warning to other potential foreign shareholders not to increase their stakes.

However, as shares bought in the market only appear on the share register about two weeks after purchase, it is possible that foreign-held stakes have moved still higher than the levels reported yesterday.

Early last year, some foreign shareholders in Rolls-Royce were forced to sell excess shares, many at a considerable loss, after the 15 per cent ceiling was broken. Mr Eustace said: "We have now joined Rolls-Royce in this rather embarrassing situation."

Training

Continued from Page 1

tainty about the TECs' freedom to set distinct local strategies, has bottomed out at these points. If there is no scope to put their own ideas forward, the directors will wonder why they got involved," said Mr John Bridge, chief executive of the Northern Development Company.

Another doubt was raised by Mr Derrick Beding, personnel director of Northern Engineering Industries, the largest local private sector employer, who feared TECs could undermine national training of mechanical engineers.

Mr Beding recalled the building of national pay and training deals in the 1960s. "We restored order out of chaos through a lot of hard work. I think it is the old story: a new generation has forgotten the lessons of the past," he said.

But for most of the Tyneside employers, TECs were an opportunity to shape training at a time when they are threatened by skills shortages and a tightening labour market. They believed this would ensure TECs were taken seriously.

"There are still going to be edicts coming down saying that we will have to run this or that scheme, but I think there will be room for manoeuvre," said Mr Alan Whittle, manufacturing director of Wavin Industrial Products, a plastic piping maker.

## Debt Continued from Page 1

day was the public statement of support from Japan.

In the past there have been differences between the US and Japanese administrations on how to tackle debt issues, with the US reluctant to agree to a larger increase in the latter's in the IMF.

However, following intensive recent discussions, including a visit to Tokyo last weekend by Mr Charles Dallara, the US Assistant Secretary for International Affairs, an agreement has been reached which ensures that Japan will provide more finance and opens the possibility for its greater involvement in the IMF following a quota increase.

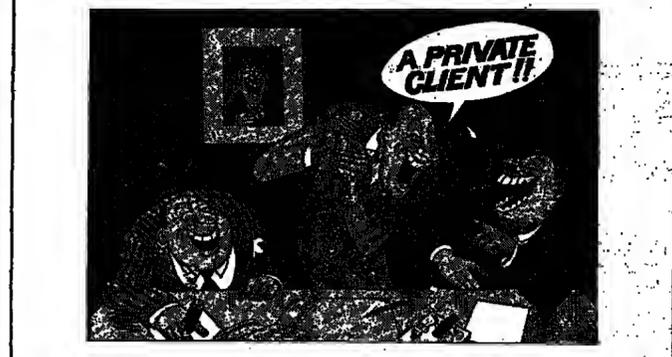
Mr Brady throughout stressed the importance of measures in debtor countries to promote free markets and to attract new equity investment.

He underlined the need for countries to deal with the large, and growing, problem of capital flight.

He said a key element was the negotiation of a general waiver of the so-called sharing and "negative pledge" clauses in agreements for debtors, under which all leading banks are guaranteed equal ranking in claims on debtors.

This should facilitate an orderly process, lasting perhaps three years, whereby banks could negotiate debt or debt service reduction.

He argued as well that banks should remain interested in providing new money for these countries.



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# Weekend FT

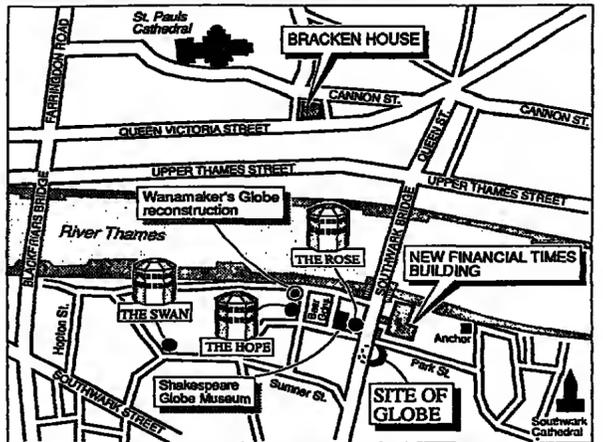
Weekend March 11/March 12, 1989

SECTION II



## We're on top of the Globe!

As the Financial Times crosses the river, to the south of Southwark Bridge, Christian Tyler reveals plans to uncover Shakespeare's Globe Theatre, buried for 350 years



**W**HEN THE Financial Times crosses the river at Easter to London's original red-light district it will find itself sitting almost literally — on the biggest Shakespearean story for years.

From the tinted windows of a hammer-headed office block by Southwark Bridge we shall be looking down, west, on the first discovered remains of a Tudor theatre, the Rose. The discovery, announced a few weeks ago, has swept archaeologists, historians and theatre folk off their feet.

But from the south side we will be watching an even bigger story unfold: the search for the most famous theatre in history, Shakespeare's Globe, his "Wooden O", where *Hamlet*, *King Lear*, *Othello*, *Richard III* and another dozen of his plays were first performed.

This week the site of the Rose was swarmed with visitors, a mechanical digger was quietly tearing up the concrete of the nearby car park which scholars are certain covers part of the site of the Globe. Negotiations between Museum of London archaeologists and Hanson Properties, owners of the site, will result in permission to carry out a three-month test dig. A spokesman for Hanson Trust yesterday confirmed the agreement.

The chances of finding foundations of the Globe are "quite good", according to George Dennis, the archaeologist who has been handling the negotiations. If the marshy ground of Bankside has preserved pieces of the Rose, there is every chance that the Globe, buried under Courage's brewery until a few years ago, may come to light. There is almost certainly Roman remains there; but Roman remains are two a penny in London, while tangible evidence of Shakespeare's own theatre, in which he performed and in which he had a financial stake, has never been found.

None of the experts will predict how much of the Globe survives after nearly 350 years. However, the site has not been much disturbed, being covered by the brewery for some 200 years. It has not suffered, as the Rose site has, from 1950s pliedrivers.

The repercussions of a find can be imagined. Physical contact with the Globe would trigger off a new bout of research into the least-known best-known figure in English history. From the barest physical clues archaeologists say they can make

important deductions about such intangibles as the actor's performance and his communion with the audience. Present-day actors and directors will be able to read Shakespeare's lines afresh. Historians will be able to fill out their knowledge of what kind of people we used to be they have already learned from the Rose site that the "groundlings" who jostled around the apron stage chewed hazelnuts during the performance much as today's cinema-goers eat popcorn. "The Globe is probably the most potent theatre site in the world," said Colin Sorensen, keeper of the modern department at the Museum of London.

Inevitably, pressure on the Government to grant a mandatory stay of execution over the furious pace of redevelopment on Bankside will redouble. The discovery of the Rose has already led to questions in Parliament; Simon Hughes, the local MP, expects the Department of the Environment to reply on Monday. But the fate of the Globe's remains would be a matter of international importance. They might well qualify as a World Heritage site. Should the remains be excavated and covered over again, exposed and protected, or removed to some other place for permanent exhibition? "The ramifications are far wider even than the discovery of the Temple of Mithras in the Fifties," said Michael Hammerson of London's archaeology team.

There is some irony in the fact that it is the developers, unleashed after years of blocking by local planners, who have done most to bring Bankside's epic history suddenly to life. What is being gained in terms of archaeology, however, is being lost in terms of atmosphere. Until very recently, the dirty alleys and gloomy 19th century warehouses of old Southwark reeked of history.

Now crosscut counters are driving out the hardware shops and well-spoken financial managers brush shoulders with wandering down-and-outs. Southwark Cathedral's Chapter House Restaurant advertises breast of duck in a green peppercorn sauce for 25.25. The George, last of the galleried coaching inns on the road to Canterbury, where Dickens used to go to find characters for his novels, is still preserved, freshly-painted and offering T-shirts for £5 instead of stabling for horses at 1s. 6d a night.

Long before the City and the FT stepped

over the river, the citizens of London had been crossing to the other side for their pleasures. Not only the theatre, but the circus and later the music hall developed on the South Bank. For centuries Southwark was famous for its brothels, run as a kind of franchise operation by the London bachelors of the bishops of Winchester. From 1277, prostitutes were forbidden to live within the City walls. There were stews in Cock Lane, Smithfield, but the real red-light district was across the water. A 15th century *Customary of the Southwark Stews* describes in somewhat hypocritical terms the "great multiplication of horrible syme upon the syngle women". Inspectors extracted fines from householders for keeping more than a wife, a washerwoman and an oster (male) indoors. A woman was allowed to live by her body, as the

dead at the stake and for your better content shall have pleasant sport with the horse and ape and whipping of the blind bears. Vivat Rex."

The same people who watched this kind of grisly scene were the theatre audiences whose participation shaped the drama and literature that suddenly flourished in writers like Marlowe, Jonson and Shakespeare. We forget that modern drama emerged only in 1876 when the first purpose-built playhouse for a captive audience was founded. Until then plays had been staged by roving companies of "ragabond actors" on street barrows, at fairsgrounds, in the yards of galleried inns, or in the drawing rooms of the gentry. Noble families had their own entertainment, longwinded masques put on to curry favour with the monarch in which, says Sorensen, there

"But pardon, gentles all,  
The flat unraised spirit that hath dar'd  
On this unworthy scaffold to bring forth  
So great an object: can this cockpit hold  
The vasty fields of France? Or may we cram  
Within this wooden O the very casques  
That did affright the air at Agincourt?"  
(Henry V)

regulations put it, but was fined if, for example, "she draw any man by his gowne, or by his hood, or by any other thyngage."

Bear-baiting, bull-baiting and even horse-baiting were popular Sunday afternoon diversions. They were conducted in arenas of the same shape as the first purpose-built theatres: indeed, the Globe theatre was designed in 1614 for both spectacles, rather like the theatre-cinemas of the 1920s. The stage-sweeper at the Hope kept the apries thereof by the theatre. A 19th century visitor described the sight of a "blind and weeping" bear called Harry Hinks being whipped by six men until the blood ran down his shoulders. An advertisement at the Bear Garden announced that a group of Essex "gamsters" would lay a five against all-comers willing to pit five mastiffs against a bear. The programme promised "also to wearie a bull

was a lot of dressing up and posing with symbols of classical mythology but very little in the way of acting.

As the famous prologue to Shakespeare's *Henry V* makes plain, the Woodmen O had few props and no scenery. The playwright had to paint his scenery in words — hence the abundance of simile in Shakespeare's verse. Everything was left to the imagination, and the audiences loved it. The population of Tudor London was only about 100,000, according to Ronald Harpelle's *London in the Woodmen O Stage*. Yet 20,000 people a week went to the theatre. "There was spontaneous combustion," said Sorensen. "It was the audience that created the theatre."

This powerful combination of physical intimacy and imaginative energy was lost when the Puritans closed the playhouses in 1642. Drama moved indoors and audiences became passive observers, viewing the action through a proscenium arch, as

if through a window, and relying on props and scenery for the context.

Some specifications survive for two of the early theatres but for the rest scholars have had to rely mainly on the impressionistic sketches and descriptions of foreign visitors like Wenceslas Hollar from Bohemia. The playhouses were unique to London, yet no Londoner seemed to realise it. Even the demolished theatres and cinemas of our own century are scarcely recorded except in the heads of their former patrons.

The Globe, built in 1599, was actually a reconstruction of London's first playhouse, The Theatre, put up by James Burbage in 1576 at Holywell Lane just north of Liverpool Street station. When the landlord tried to enforce a rent rise by threatening to tear the theatre down, Burbage's sons Ostbert and Richard called his bluff by taking it down themselves and carting the timbers over to Bankside. The Burbages owned half of the new Globe; the other shareholders were Augustine Phillips, Thomas Pope, John Heminges, William Kempe — and William Shakespeare. The shares were traded, but Shakespeare kept his for at least 23 years. All were players of the Lord Chamberlain's company, and with Richard Burbage as their leading man in the four great tragedies, they made the Globe pre-eminent. *Hamlet* seems to have been the most popular play in the repertoire.

During a performance of *All is True* (or *Henry VIII*) in 1613 a stage cannon set fire to the roof thatch and the building was destroyed in a two-hour conflagration. Remarkably, considering there were only two doors and an audience of possibly more than 2,000, no-one was hurt. The theatre was rebuilt for £1,400 on the same foundations but to a slightly different design and with a tiled roof. Contemporary accounts say it had a capacity of 3,000.

Across the road, the Rose specialised in blood and thunder. It had been built 12 years before the first Globe, for Philip Henslow. His son-in-law was Edward Alleyn, another great actor who went on to found Dulwich College. Leading a company called The Lord Admiral's Men, Alleyn created the title role of Marlowe's great plays, such as *The Jew of Malta*, *Dr Faustus* and *Timon of Athens*.

So far the archaeologists have turned up footings of the outer and inner frames that supported the two tiers of galleries. The

Rose had 16 or 18 sides and a circumference of less than 90ft. The floor of the pit where the groundlings stood was lower than the surrounding level and appears to have been of compacted mortar. Here were found thousands of hazelnut shells and pieces of lath and external plasterwork.

The position of the apron stage has not been determined, but this week some "structural anomalies" were discovered on the north-west side. This suggests to Julian Bowers, senior archaeologist on the site, that they have uncovered lateral alterations known to have been made to the "dressing house" (dressing rooms above the stage). The team has been given a further extension, to mid-May, by the site's developers, Imry Merchant Properties.

No-one is watching the excavation more keenly than the American actor-director Sam Wanamaker whose 20-year ambition to reconstruct a Globe Theatre on Bankside seems now about to be fulfilled. His trust has raised £3m of the £18m it needs and in the next few weeks will be signing up the main contractor whose identity has not yet been revealed. Wanamaker is putting up a 24-sided Globe of timber, wattle and daub near the old bear garden. Its roof will be tiled and there will be four doors instead of two to satisfy London fire regulations. For the same reason the reconstructed Globe will have a capacity of only 1,500 — that, and the fact that modern playgoers are bigger and are unwilling to be penned in check by jowl like sheep on market day. A 40ft diaphragm wall has already been sunk to keep the Thames out. The plans include a museum beneath the Globe; around it will be shops, dressing rooms and an indoor theatre to an extent plan by Inigo Jones, England's first Renaissance architect.

The shape of Wanamaker's Globe is sound conjecture, but conjecture none the less since so little is known about the original. It remains to see how much his architect's design will be modified by events at the two neighbouring dig sites.

Flanked as it will be by two sites of great archaeological importance, the FT might appear to be in danger of some embarrassing oversight. Fortunately, we have no cause to be plunk with shame; we shall actually be sitting on nothing more important than a mediaeval inlet and some reject pottery — or so the Museum of London assures me.

### The Long View

## Lawson buries his Budget treasure

LIKE THE CAT that can't quite get at the cream, Nigel Lawson is doomed to have a quiet afternoon on Tuesday. The great tax-cutting Chancellor will be forced to budget for a very large fiscal surplus in the coming financial year.

It might be possible to divert attention with a bit of nonsense about the merits of repaying the national debt. But the central puzzle will remain. How is it that, after so many years in which British chancellors have been struggling to hold down the Budget deficit, we are suddenly running persistent surpluses? And why is it that these surpluses cannot simply be given back to the citizens whose over-taxation they represent? We are talking about a likely public sector debt repayment (PSDR) of £18bn for 1988-89, rising to possibly £18bn next year in the absence of any tax measures. The treasure is being buried.

The official Government line is that we are experiencing a supply side revolution. Years of Thatcherism have stimulated the private sector progressively into an enterprise-based boom, and it is not surprising that the balance of payments has deteriorated temporarily as capital goods are imported to build tomorrow's larger and more efficient production capacity.

My own view is rather different. Liberalisation of economic policy certainly lies at the heart of the present paradox,

but we need to explain why there has been a surge of consumer demand and why the personal sector has decided to embark upon an almost unprecedented borrowing binge, culminating in the collapse in the savings ratio to just 1.3 per cent by the third quarter of 1988.

We also need to explain why the Treasury and almost all economic forecasters got 1988 so badly wrong. Something rather fundamental is missing from their economic models. The answer, I think, goes back to the liberalisation of credit. During its first term, the Government abolished foreign exchange controls and relaxed internal restraints on bank lending. By 1986, it had abandoned almost all attempts to control the broad monetary aggregates. The full implications of those policy shifts have become apparent only with the return of consumer confidence late in the 1980s.

Remarkable increases in indebtedness have been seen. Outstanding house mortgage debt rose by some £40bn (over a fifth) in 1988 and there was some £10bn of other new personal borrowing. The impact on final demand swamped any tinkering carried out by Lawson in last year's Budget, when the sums involved in his tax changes totalled no more than £2bn.

For whatever reason, the personal sector has decided to plunge itself into financial deficit: spend now, pay later.



The personal sector's borrowing spree has left the Chancellor in a scarcely believable quandary as he finalises Tuesday's Budget statement

Arithmetically, since surpluses and deficits balance out, other sectors of the economy have therefore been driven into unusually large surpluses. This has happened to both the overseas sector (in other words, there is a substantial balance of payments deficit) and the public sector. Hence next Tues-

day's problem: if taxes are cut to reduce the PSDR, the overseas sector surplus might expand even further.

As the Chancellor likes to say, this is a private sector problem. There will eventually be a private sector solution. But it might not be a very comfortable one. This kind of credit-based boom raises prices of assets, notable property, and pushes up wages. Industrial costs therefore rise, companies become uncompetitive compared with their overseas counterparts and a corrective recession is triggered.

Imagine if we were already in monetary union with Germany. At German interest rates, the credit binge would be even more frantic (indeed, some lenders are now promoting foreign currency mortgages). But Britons speculating in property would burn their fingers quickly. Banks would suffer heavy bad debts. Expensive lessons would have to be learned. And the British Government would not be able to do much about all this because it would have no independent monetary policy. It would be in the position of, say, the state government of Texas in relation to Washington. No wonder Margaret Thatcher is opposed to entering the EMS.

As it is, the Government has been able to deploy the weapon of higher interest rates, which have cooled the demand for credit. But there is no way of knowing if the personal sector has completed what is a kind

of stock adjustment — a shift in the mix of its monetary liabilities to its assets. At the end of 1988, the non-business personal sector had bank deposits of £40.5bn and borrowings of £29.6bn. By the end of last year, deposits were £58.4bn but debt had leapt to £79.6bn.

Personal assets have climbed much faster, of course. Robin Leigh-Pemberton, governor of the Bank of England, pointed out in a speech this week that although personal sector liabilities have risen by £39.6bn since 1980, the sector's assets have climbed by well over £100bn. But values dependent on borrowing can prove volatile.

Remember that the Government has deprived itself of the mechanisms of credit controls, which were used in the past to control awkward personal sector behaviour. This leaves it with just one way to halt out a private sector that has over-reached itself, and faces a property crash and a wages squeeze in order to restore competitiveness. It can devalue the currency, giving a formal external recognition to internal inflation.

Against this kind of background, traditional Budget decisions about whether or not to cut up of income tax are rendered irrelevant. Lawson needs to warn people that their borrowing decisions could have grave consequences. It is good Toryism that power should be transferred back to the people. But do they know how to handle it?

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International February 1989

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MARKETS

FINANCE & THE FAMILY: THIS WEEK

Abbey National: now it's up to the members

The Abbey National building society has now revealed its flotation plans. Its 5.6m members are now being sent ballot papers and a daunting transfer document, and the result is eagerly awaited. David Barchard reports. Page 3

Breaking the Chancellor's code

John Edwards offers some informed speculation about the content of Tuesday's Budget and spells out some common ideas. Heather Faruhough considers the future of employee share ownership plans and also looks at the latest Business Expansion Schemes. Page 6

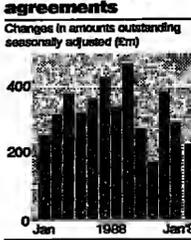
Down by the riverside

Roy Hodson reports on a former stockbroker who bounced back from the sack to run Britain's biggest inland marina, two partners who are banking on future developments in biotechnology and an entrepreneur who is taking on the giants of the glasses market. Page 8

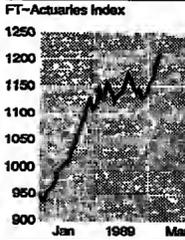


BRIEFCASE: Carling and shareage Page 7

Consumer credit agreements



Building materials



Consumer spending slows down

A slowdown in consumer spending, as the high interest rates started to bite, was confirmed in the latest figures issued by the Department of Trade & Industry this week showing the trend in consumer credit and retail spending. Seasonally adjusted, the amount outstanding on consumer credit agreements increased by about £3.2bn in January, compared with a rise of £3.3bn in December. It continued the trend of reducing growth in consumer credit that started in the middle of 1988. Meanwhile a revision of the retail sales volume for January showed a sharp drop of 2.4 per cent, after adjustment for seasonal variations. This was the biggest single monthly decline for two years. The slowdown in retail sales, which according to CBI/FT distributive trades survey continued in February, encouraged hopes in the stock market that interest rates had peaked. However a cut in interest rates was also considered unlikely at this stage in view of the need to protect the value of sterling on the foreign exchange markets. John Edwards

Building shares in the spotlight

Building and construction shares have stood out well this week in a market turned cautious ahead of the Budget. Analysts take the view that the sector will be largely unaffected by the sharp downturn in personal spending which is now showing; yet it will be the prime beneficiary of the easing of interest rate worries which steadied the equity market this week. Moreover, the new plan to put a significant part of the Channel Tunnel rail links underground has highlighted the opportunities for the construction firms of the UK remodels its infrastructure for the 21st century. Nikko Securities (Europe), commenting that "transport policy has moved from near the bottom of the Government's priorities to near the top," points to Tarmac, Trafalgar House, British Steel and Eurotunnel, which have already started to attract extra buying interest from investors. Terry Byland

'Backdated' insurance scheme

An insurance policy that motorists can take out AFTER an accident was launched this week by Motorists Legal Protection, of St. Albans, Herts. It claims that the policy is the first of its kind. Normally, to obtain insurance cover for losses arising from an accident, you have to have an existing legal protection policy in place. But with the new policy, you in effect pay Motorists Legal Protection to pursue your claim after the event. You send details of the accident and losses sustained and the company then assesses the legal viability of the claim and decides on the cover it is prepared to give and the size of the premium. The premium consists of two elements: an initial payment and an adjustment payment based on a percentage of the amount recovered. If you accept the proposal, you pay only the initial premium. The adjustment premium is paid when the claim is finalised. J.E.

Company goes-up equine policy

A new horse insurance policy, offering a no-claims bonus for owners who have not made a claim for two years or more, was launched this week by Robert Fraser, Worcestershire-based insurance brokers who specialise in this sector of the market. Called Equicover, the policy is underwritten by Lloyd's of London brokers and claims to be first to offer a no-claims bonus on any insured horse which has been free of claim for the required period. The bonus starts at 15 per cent and rises to 25 per cent for a four-year no-claims period. Other discounts are also given in an effort to reduce premiums, which have soared in line with the rising cost of veterinary fees. J.E.

LAWSON'S balancing act could tip the scales

NIGEL LAWSON'S Budget next Tuesday will not only set the tone for the UK economy over the rest of 1988, it may well establish the mood in the equity markets for the remainder of the year. So the Chancellor has to walk a thin line on Tuesday. He must re-emphasise the Government's determination to reduce inflation. Any sign of a weakening of the Government's resolve on this issue might lead to a run on sterling by overseas investors, and that would exacerbate the inflationary pressures. The markets will be watching closely to see what Lawson is forecasting for fourth quarter inflation. His Autumn statement estimate was 5 per cent, but that now looks distinctly optimistic. Equity investors will be prepared to accept a modest level of tax cuts, perhaps via the over-indexation of personal allowances, but they are much more likely to favour a Budget that veers on the side of caution than of generosity, since a

giveaway Budget would weaken sterling and force a further rise in base rates. So the chances are that Lawson will tinker with the tax structure rather than make drastic changes. The Chancellor is also expected to argue that the balance of payments statistics have consistently exaggerated the size of Britain's deficit. The results season is now well under way with companies reporting their results for the calendar year 1988. This week's set of figures revealed few nasty shocks and strong profits increases from companies such as TI, BIOC, GKN, Ladbroke and Williams Holdings. So far this year, those companies which have reported disappointing figures have tended to be retailers or companies with consumer-related businesses such as Amstrad. That was only to be expected, given the Chancellor's attempts to rein in consumer spending through interest rate rises.

ent picture. The revised estimate of January retail sales figures showed a 2.4 per cent decline. The housing market has gone off the boil and demand for new mortgages has dropped consistently. So the Chancellor has to walk a thin line on Tuesday. He must re-emphasise the Government's determination to reduce inflation. Any sign of a weakening of the Government's resolve on this issue might lead to a run on sterling by overseas investors, and that would exacerbate the inflationary pressures. The markets will be watching closely to see what Lawson is forecasting for fourth quarter inflation. His Autumn statement estimate was 5 per cent, but that now looks distinctly optimistic. Equity investors will be prepared to accept a modest level of tax cuts, perhaps via the over-indexation of personal allowances, but they are much more likely to favour a Budget that veers on the side of caution than of generosity, since a

Some statistics point a differ-

HIGHLIGHTS OF THE WEEK

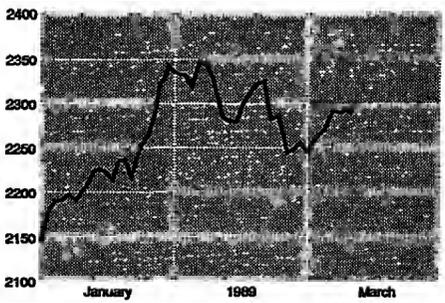
	Price y/day	Change on week	1988/89 High	1988/89 Low	
FT Ord Index	1724.9	+27.4	1724.9	1348.0	Interest rate worry recedes.
AMEC	445	+30	463	315	Takeover speculation.
Anglo Leasing	461	+204	461	155	Sir James Goldsmith buys stake.
BICC	489	+31	488	302	Excellent preliminary figures.
Bosse Maselmi	302	+52	318	180	Intimated French bid of 50p a share.
Cable & Wireless	489	+28	495	312	Cable deal with Sprint in US.
Coalite Grp.	421	+28	421	285	Takeover speculation.
GEC	248	+15	254	143	Gen. Electric of US state-hold mnts.
GKN	391	+21	396	278	Final profits beat forecasts.
Johnson Matthey	385	+26	393	242	Revised bid speculation.
Miller & Smithouse	210	-25	472	193	Unexpected 20% drop in profits.
Rakolta (G.L.)	248	+68	250	75	Agreed takeover offer.
Sains Food Grp.	283	-69	442	280	Profits warning as sales fall.
WPP Grp.	743	+31	764	403	Agencies excited by BMP news.
Wellcome	462	-26	559	388	Competition fears.

WALL STREET

In pursuit of equilibrium

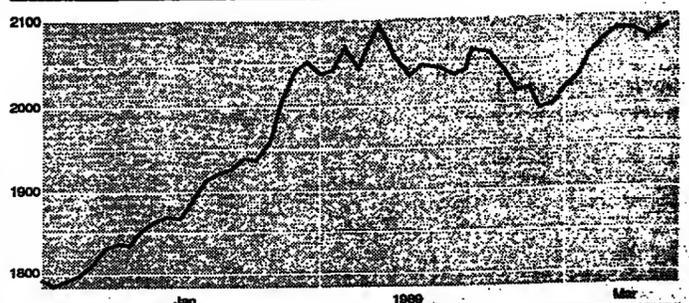
THERE CAN be no mistake about it, the US economy is booming. But despite the headlines about the lowest US unemployment rate for 15 years, Wall Street remained surprisingly phlegmatic yesterday in the face of February's astonishingly strong labour market report. There were two general explanations for the financial markets' insouciance about the news that the US had reached a state which most economists would have described a few years ago as "over-full" employment. The statistics showing that civilian unemployment fell to 5.1 per cent in February from 5.4 per cent the month before could simply have been misleading. Alternatively, investors, particularly in the stock market, could have decided that a little more inflation might not be the worst thing in the world. There seemed an element of truth in both points of view. The markets have long since attuned themselves to watching monthly statistics on the growth of employers' payrolls much more closely than the unemployment rates. The unemployment figures depend crucially on the Labour Department's estimates of the number of people actively looking for work, and these estimates involve somewhat subjective interviews conducted around the country, with erratic results. Yesterday's sharp drop in the reported jobless rate had less to do with the growth of the US economy than with an apparent shrinkage of 247,000 in the labour force. The biggest reason for the decline was a fall in teenage unemployment from 16.4 to 14.8 per cent. Beyond these statistical quirks, there was nothing unexpected in the February

Dow Jones Industrial Averages



jobs data. The crucial payroll employment total, which grew by 283,000, was only marginally higher than the market's consensus estimate of 250,000 to 260,000. It was well below the previous month's alarming growth rate of 415,000. But if this statistical nitpicking could offer some consolation, it was by no means sufficient to quell the growing inflationary concerns. For one thing, even the growth of 283,000 in payroll employment was probably too fast for comfort. It compared with an average employment gain of fewer than 240,000 per month in the six years since the end of the last recession. It suggested that the Federal Reserve

FT-SE 100 Index



Of course, 1988 results are just history. What will really affect the markets is a set of corporate announcements that current trading is poor and that 1989 figures will be below expectations. Barring any disastrous results, or economic news, the markets can concentrate on their favourite pastime of speculating on takeover prospects. This week brought news of a new corporate "double act." Goldsmith and Rothschild may not fire off the tongue as easily as Mopcombe and Wise, but the news of their partnership put 33 per cent on the share price of Anglo Leasing, their chosen vehicle, in one day. The company will be used to make acquisitions of UK companies "whose business can benefit from greater focus and improvement in operating efficiency." That could include Footsie stocks. Sir James Goldsmith has a formidable reputation as a corporate raider after his activities in the US in the mid-1980s; he also gives plenty of credit for his shrewdness in liquidating a large part of his investment portfolio before the stock market crash. Jacob Rothschild, like Sir James, has something of a reputation as a maverick, having built up the Charterhouse J Rothschild financial services group and then dismantled it again. Although the pair have co-operated many times in the past, their present collaboration seems to have special sym-

bohc significance. If two such apparently shrewd operators believe that it is time again to invest in the UK equity market, surely it must be sensible for others to follow? The two other big corporate stories of the week also feature pairs of forceful personalities, although this time locked in combat rather than collaboration. Alan Bond, the Australian businessman, this week appeared to admit defeat in his battle with Tiny Rowland, the UK-based conglomerate. Bond is putting up for sale his 33.8 per cent stake in Lourho, which many people thought he was planning to use as a platform for a hostile bid. Last year, there was a brief

bout of speculation that Bond might become Tiny Rowland's heir apparent. However, as Bond gradually increased his stake he became the recipient of some detailed and hostile criticism from Lourho about the state of his finances. Whether the announcement of the sale will put an end to the matter is open to question. The asking price - 385p per share - may be calculated to give Bond a profit but is well above the current Lourho market price. A buyer might not emerge. Meanwhile, the £3.2bn bid battle between Consolidated Gold Fields and Minarco frequently seems to resolve around the personalities of Randolph Agnew, Gold Fields' chairman and chief executive, and Sir Michael Edwards, the chief executive of Minarco. This week Gold Fields issued a defence document but there was no sign of a profits forecast or an total asset valuation for the company. Instead, the company produced a combination of data - some asset valuations, market prices and a profits forecast from one division - which Minarco promptly dismissed as "apples and pears." The market consensus still seems to be that Minarco's offer of £14 a share is not enough, but it is far from clear what price will be needed to overcome the Gold Fields defence. Philip Coggan

JUNIOR MARKETS

Reflections on the name game

pressure and ensure the dream of "soft landing" for the US and world economies. In many ways the "soft landing" looks more plausible today than it did even a few months ago. -US inflation remains quite moderate, despite growing labour shortages in many regions. The foreign exchange markets have given no trouble, despite expectations that it would be on this front that the bloodiest battles for US and international financial stability would have to be fought. Even the political and fiscal situation in Washington shows signs of stabilising. After the Tower fires, President Bush will have to go even further in compromising with Congress. Yet all these pointers towards a "soft landing" raise an all-important issue, which few investors are in the mood to address. The term "soft landing" suggests that economic conditions are gradually converging towards some kind of equilibrium. In reality, however, the present period of apparent stability is delaying the unpleasant choices which will have to be made before that equilibrium can be attained. The US trade deficit has stopped improving, and the longer the currency markets ignore this, the longer policymakers will overlook it. No, inflation may not be accelerating very rapidly, but it is not slowing. Political stalemate in Washington may produce a conspiracy of silence between the Congress and the White House, but US budget deficits will not vanish of their own accord.

ROGER LEACH, chairman of mirrored panelling company Chelsea Artisans, is sick and tired of being thought of as third-best or even third-rate. So too is Jeff Gilbey, managing director of pallet makers Unit Trust. Now Gilbey and Leach have decided to do something about it. This week they, and the heads of other constituents of the Third Market, announced a campaign aimed at dispelling what they see as the odious connotations that have attached to their companies since they floated on the Stock Exchange's youngest market. An action group, comprising representatives of four Third Market companies but claiming the backing of at least 12 others, has been formed. The main aim is to do away with the lingering public impression that the Third Market set up two years ago as a forum for companies either too small or too young to join the Unlisted Securities Market, is similar to the old, unregulated over-the-counter market. "People should realise," says Leach, "that in fact we are more like an elite club." One change that might go some way to achieving this is to give the market a new name: the junior equity market has been suggested as projecting a more respectable and dynamic image. It continues to irritate Leach that the prospectus that accompanied his company's flotation in 1987 carried a warning on the first page reading, in bold, "this investment may carry a high degree of risk." "Just like a cigarette packet," Leach remarks.

the OTC market into disrepute. However, in focusing on the prohibitive costs of flotation, the group has highlighted what appears to be an important flaw built into the market when it was devised: in its efforts to make it less regulated than the other markets, the Stock Exchange decided that a company's sponsors would have to carry out most of the monitoring work. This has restricted the market's growth, since sponsors have been very cautious in choosing which companies to support and have subjected them to rigorous scrutiny at the time of flotation. But it has also had the effect - though this is not often noted - that, unlike the USM, so far not one company floated on the Third Market has failed. It has, instead, spawned a number of success stories, with a total of five companies, including the well-known mini-conglomerate Cortis Beech, stepping up to the USM. It is this kind of point that the group is hoping to get across, in addition to urging the Stock Exchange to look again at the market's rules. The Stock Exchange has said it will be "reasonably" happy to meet the action group. Since the Third Market represents less than 1 per cent of the total capitalisation of the London market, it would be reasonable to assume that it will not be ranking top of the Exchange's agenda - though the Exchange has recently announced that it is about to embark on a wide-ranging review of new issue procedures in London, so representations may be timely. As another part of the campaign, the group aims to aggregate information from the various constituent companies and supply them to securities firms in the City. This, it is hoped, will help the market to establish a "reputation," such as the USM was able to do in its early days when the prominence of recruits from the electronics and oil sectors attracted attention to it. However, one statistic about the market that the action group cannot avoid is the pitifully low number of companies that have joined. Despite expectations that 120 companies would join in the first year, just 58 have surfaced so far. Liquidity, moreover, is very low. The market in its entirety saw just 1,226 bargains transacted, for a value of 55m, in the week ending March 3. Perhaps the group will be able to do something about this in its mission to convert others to what it sees as the true quality of the market. There is no doubt that proselytising fervour is strong. Clare Pearson

"THERE'S A word-processor, a telephone answering machine and me." Back in Herefordshire after five days battling in the High Court, Chris Whitney sums up the lean resources of a dissident shareholder. Private shareholders who are prepared to shoulder arms against the errant ways of management are a dying breed - perhaps not surprisingly given the extent to which the large insurance companies and pension funds now dominate the London stock market. But there are exceptions - such as Whitney. Last month, together with four other dissident policyholders at London Life, he attempted to persuade the courts that the scheme for a merger between Britain's oldest mutual insurer and Australian Mutual Provident Society should be amended so that policyholders could opt out and transfer to Equitable Life Assurance Society. He was unsuccessful. But that has not always been the case. From the early '80s, Whitney sat on the tail of businessman Jim Raper, eventually described by a Department of

Small investor with big ideas

Trade investigation as "a dominating and unscrupulous man" who should never be allowed to shoulder arms against the errant ways of management are a dying breed - perhaps not surprisingly given the extent to which the large insurance companies and pension funds now dominate the London stock market. But there are exceptions - such as Whitney. Last month, together with four other dissident policyholders at London Life, he attempted to persuade the courts that the scheme for a merger between Britain's oldest mutual insurer and Australian Mutual Provident Society should be amended so that policyholders could opt out and transfer to Equitable Life Assurance Society. He was unsuccessful. But that has not always been the case. From the early '80s, Whitney sat on the tail of businessman Jim Raper, eventually described by a Department of



Chris Whitney

In 1979 a DIT inquiry was ordered into St Piran and in 1980, its listing was suspended. In 1981, suspensions were extended to St Piran's quoted subsidiaries, South Crofty and householder Milbury. That was when Whitney first took to the courts. South Crofty planned to reduce its share premium account, a move requiring court approval, which he opposed. The scheme was thrown out on a technicality and the company never reintroduced it. Whitney has no legal background, just a mind that hovers "between that of a crossword puzzle and a jigsaw puzzle." Some procedural expertise, he adds, may have been gleaned from his membership of the Synod of the Church of England. For the next five years, the Raper issue - which proved as painful for the City's regulatory system as it did for shareholders in the various compe-

nies - became more complex. Whitney realised that the only way to keep tabs on Raper was to have a say in all his UK companies, and consequently extended his shareholdings. "Someone remarked that I must have been a glutton for punishment," he comments, "but I was also pragmatic: Raper was picking up companies which had potential." Whitney's final punch came in August 1985 when he made an application to the High Court, asking that the affairs of Milbury - by then in considerable difficulties, and with Raper attempting to transfer some of its assets overseas - should be investigated. The judge agreed that the matter "cried out for investigation," and the DIT moved in. In retrospect, Whitney believes that he learnt some valuable lessons about shareholder action. "The cardinal rules are to ask careful questions and make sure you get

answers. First discuss it with someone who's good at playing devil's advocate. Then make sure you have marshalled arguments - and a good deal of politeness - and a good sense of humour. It is not a great meeting for the shareholder meeting route, claiming that it is difficult to co-ordinate support both in time and in a cost-effective manner. "A first extraordinary general meeting is pretty useless," he says, "You only start to get anywhere by the second." Financing of shareholder action is another headache, and one that surfaced at South Crofty. In that case, attempts to create a voluntary fighting fund led to some people asking for money back afterwards. "You learn a lot about human nature," Whitney remarks. As for institutional shareholders, the regulatory authorities, the legal profession et al, he warns against expecting a rapturous reception. "Nobody," he points out, "likes someone who is less experienced coming up with a winner." Nikki Tait



FINANCE & THE FAMILY

# New card offers star treatment

A CREDIT card with your birthday sign of the zodiac is the latest gimmick being offered by the Bank of Credit and Commerce International (BCCI). You can also choose to receive a horoscope for your birth sign with your monthly statement.

Called (appropriately) StarSign, the card also offers you the choice of a reduced rate of interest (9.5 APR) if you pay an annual fee of 55. Otherwise, you are charged a standard rate of 19 per cent a month (25.3 APR).

A member of the Mastercard payment system, StarSign cards also offer free insurance of up to 22,000 against loss, theft or accidental damage for a period of six months after the date of purchase on merchandise bought with the card.

A PRIVATE client service rolled into a fund is how Mercury describes its new unit trust, the Mercury Portfolio. The fund will be a mixture of equities and fixed interest stocks, mirroring closely the asset allocation used for UK-based private clients of Mercury Rowan Mullens, which will be acting as manager.

The advantage of the Portfolio is that, as a unit trust, no capital gains tax is payable by the fund on transactions made within the fund, unlike individual share-dealings. However, investors in the portfolio will be able to make use of an advisory service, as well as receiving regular reports on the fund's strategy.

Minimum investment is 25,000. There is an initial charge of 5 per cent and the annual management fee is 1.5 per cent of the value of the fund.

MONDIAL ASSISTANCE has introduced an emergency services insurance plan specifically for the multi-trip traveller. Called Ambassador, it includes medical expenses cover up to 10m and winter sports cover for up to 17 days. Premiums, which cover a spouse and up to four children under 18, are 270 for Europe and 2120 world-wide.

A 20 per cent no-claims bonus for new customers, increased cover for building and contents, and a 24-hour "disaster" line are being offered by the Automobile Association Home-owners insurance policy. The premiums are based on the type of property, number of bedrooms and postcode. The "disaster" line gives policyholders telephone numbers for emergency services.

LONDON LIFE has introduced a Pension Safeguard plan for new customers, increased cover for building and contents, and a 24-hour "disaster" line are being offered by the Automobile Association Home-owners insurance policy. The premiums are based on the type of property, number of bedrooms and postcode. The "disaster" line gives policyholders telephone numbers for emergency services.

John Edwards

ABBEY NATIONAL's flotation plans have now been unveiled. If you are one of the 5.6m members of the society eligible to vote, you have probably received the ballot papers, along with a daunting 88-page transfer document, in the past week.

The result of the ballot will be announced at a special general meeting of Abbey National on April 11. If you are voting by post, your ballot papers must be returned by April 8.

At least 20 per cent of members have to vote, and three-quarters of those must be in favour for the float to go ahead. So, if you don't vote you will be helping tip the scales against the conversion of the building society into a PLC.

Sir Campbell Adamson, Abbey National's chairman, says he is confident that the resolution will be approved. In that case, the ball will pass to the Building Societies Commission, which has to approve Abbey National's plans before the flotation can go ahead.

Abbey National is now committed so deeply to becoming a company that members will be dealing it a very serious blow if the conversion resolution is not approved. Its whole market strategy would be in ruins.

What will conversion into a PLC mean for the members of the society? Most must by now be aware that they will be receiving a free hand-out of shares. Predictions of how much this would be worth have varied considerably, with

The ballot papers have gone out for Abbey National's float and the result will be known on April 11. David Barchard reports

# Now it's up to the members

some estimates going as high as 220.

On Tuesday, though, Sir Campbell said the free issue would be rather more modest than City stockbrokers had been predicting. Each member would get 100 shares, priced at between 120p and 160p.

Of course, if you are both a borrower and a saver with the society, you will be entitled to two sets of free shares - and two votes. This last point has been criticised by some members opposing a flotation as being likely to tilt the balance towards the result for which Abbey National's board is hoping so fervently.

The exact value of the shares given to you has yet to be established. It will depend partly on the price at which Abbey National offers them, and partly on how the market reacts to them. But it is clear already that the offer price will be well below their probable market price, so a free issue of 100 at 140p each should turn out to be worth much more than 140p.

Exactly how much more will depend on your response, along with the other 5.6m, to the second part of the float -



Sir Campbell Adamson, Abbey National's chairman... he's confident of approval but rejection would be a serious blow

the new shares for which you will have to pay. Each member will be offered the chance to buy these in addition to the free allocation. It is likely that around 714m new shares will be issued, bringing in around 11bn of new capital for the society.

Abbey National has not said how many of these shares each member will be allowed to buy, or what the minimum purchase amount will be. However, the society expects privately that many of its depositors will dip into their

savings to buy them. If Abbey National members do take up the issue enthusiastically, the share price should rise well above the original offer value. City analysts are divided about just how far it will go up.

John Wriglesworth, building societies analyst at Phillips & Drew, believes the shares will reach a price of around 150p each. This would bring the capital gain to Abbey National members to about 250 for each fully taken-up allocation of new shares and free shares.

Wriglesworth - who used to work for Abbey National - believes the new company is a much more attractive stock market proposition than the TSB and points to several reasons why Abbey National could perform well in the market. These are its established track record in its own market; its low management costs; the investment and diversification it has carried out; and that, unlike the TSB, no expensive acquisitions of new subsidiaries lie ahead.

If the housing market wasn't so depressed at the moment, I would have no hesitation in predicting that the share price would rise above 200p, says Wriglesworth.

Christopher Eileen, banking analyst at Warburgs, backs the list of those in the City - mostly banking analysts rather than building society specialists - who are less optimistic about Abbey National's prospects.

He predicts that shares will perform much like those of the banks and that the price is unlikely to go above 170p. The more or less unique feature of the Abbey National float is that no shares are

being offered to the public, at least in the first instance. Thus, the large institutional investors will not be able to buy them except from Abbey National members.

This will have several consequences. Among other things, the shares will be scattered very widely and it will take a long time for any outsider to build up a large stake, let alone approach the 15 per cent limit on shares by a single owner which will apply for the first five years after the float.

So, Abbey National PLC should not have to worry much about hostile takeover bids.

Opportunities to sell the shares will depend on the dealing arrangements offered by the society. So far, no details have been announced although Steven Humphries, Abbey's spokesman, says the intention is to keep costs as low as possible.

Handling small amounts of shares is not something that brokers like. Normally, a buyer or seller could expect to pay a commission of a minimum of around 25 for this service although, on some privatisation issues, charges have been held down by some organisations to under 25p.

Even this figure, of course, would eat a fair hole in your profits from the free share issue if it turns out to be worth under 200p. On top of that, you could have to pay capital gains tax if you have already earned sufficient profits to exceed the annual exemption.

Because no company has demutualised before - at least this century - the technicalities are entirely unproven. The Department of Trade and Industry will be keeping a close eye on the proceedings, not least because they could set a precedent for future demutualisations, while there will be an independent actuarial report to the Scottish courts.

In the end, policyholders - as owners of the business - will have to approve the scheme, full details of which are promised by May. They will want to be confident that no better merger partner could have been found - better, that is, for policyholders rather than the board or the management. There are potentially quite serious conflicts of interest here, especially if it can be shown that a switch to a closed fund status would be more profitable for investors.

If Britannia rules, it will have to be by mutual consent.

Barry Riley

# Why feelings may not be mutual

IT INVOLVES only one-hundredth of the investors caught up in the Abbey National plc conversion. But the proposed demutualisation of FS Assurance could also, if it goes well, trigger a number of similar moves in its industry.

This week, the Glasgow-based life assurance company announced that it is to ask its 50,000 policyholders (its legal owners) to approve a plan for the company to be taken over by the Britannia Building Society. Although the Britannia is itself a mutual company, the merger between such different businesses can be effected only if FS first turns itself into a proprietary - that is, shareholder-owned - office.

For many years, proprietary and mutual offices have co-existed happily enough. There are 27 mutuals, led by such giants as Standard Life and Norwich Union, and a rather larger number of shareholder-owned companies.

In theory, mutual companies can offer a slightly better deal

to policyholders because they do not have to pay out a proportion of their investment gains to a separate class of shareholders. In the long-term performance tables, the very best mutuals tend to tip the best proprietaries. But the differences are far from being clear-cut because mutuals need to set aside something to finance business growth - and many mutuals are, in practice, well down the league.

Demutualisation is an entirely new phenomenon in the UK. In the past, the movement has been entirely in the other direction. Standard Life mutualised in the 1920s and Scottish Life, the last company to do so, as recently as 1967.

Why the shift of direction? Mutual status is eminently suitable for life companies when the industry is stable and they can carry on doing basically the same job for one

generation of policyholders after another. But we have now entered a period of radical change. It is difficult for mutual companies to move in sharply different directions; for instance, by entering new businesses or making takeovers.

The immediate problem is the transformation of the selling system for life products in the wake of the Financial Services Act. Until now, FS has sold all its policies through independent intermediaries. But because of changes in regulations, many of these intermediaries are becoming exclusive tied agents.

The biggest intermediaries are building societies, which sell huge numbers of endowment mortgages and also increasing volumes of other products such as unit trusts and personal pensions. Larger life offices are tying to building societies without losing

their independence: Standard Life, for instance, has just done a deal with the Halifax. But little FS could not cope with the volume of new business involved in such a deal without an injection of capital. So, it has agreed to be swallowed up.

A lot of other smaller mutuals face a similar crisis: their traditional sales networks are shrinking and they cannot justify the expense of building up a separate direct sales force. There are two options. One is an FS-style demutualisation, followed either by a merger or by a stock market flotation to raise new capital. The other is a termination, in which the fund is closed to new business. This could be quite good news for policyholders, who in future could enjoy investment returns without the deduction of such high costs, but nearly all the staff would be surplus

to requirements.

For policyholders who chose FS because of its mutual status, the news cannot be welcome. It is true that Britannia itself is a mutual company (at least for the time being). But Britannia Life, as FS will become if the proposals are approved, will be a proprietary company. Part of its profits, probably 10 per cent, will go to the Britannia Building Society.

It is true that FS claims that the increased flow of business to be generated in future by the Britannia link will serve to reduce costs per policy and improve the returns. However, present policyholders will need to be offered a consideration for handing over a share of future profits, and this compensation is to take the form of a special reversionary bonus payable out of a "substantial sum" which the Britannia will make over to FS.

# Legal aid goes

PRELIMINARY HELP under the legal aid scheme for people wishing to make a will won't be available any longer after April 1. At the moment, people can get free initial advice on conveyancing and wills by using the "green" form.

But certain parts of the green form are likely to be excluded from legal aid by the Legal Aid Act 1988 now going through parliament. The changes mean that only people with "special needs" - such as those with mental or physical disabilities, aged over 70, lone parents appointing a guardian

for their children, or making provisions for disabled children - continue to get legal aid help for making a will. You do not fit into the above categories, or you have an income below 2850, you should see a solicitor before April 1. Providing you do so, you will still qualify for aid even if your will is not finalised by that date.

Most firms of solicitors have people who will do legal aid work, but it is sensible to check before making an appointment.

Heather Farmbrough

# Lazard Investors

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The shares are now traded on The International Stock Exchange and can be purchased through the managers in Guernsey. Dealings are on Thursday and applications should arrive by Wednesday 3.00pm.

For more information contact:

Denise Sabar  
Lazard Investors Limited  
21 Moorfields, London EC2P 2HT  
Telephone: 01-588 2721

Amanda Gillett  
Lazard Fund Managers (Channel Islands) Limited  
1 St Julian's Avenue, St Peter Port,  
Guernsey, Channel Islands  
Telephone: 0481 21367

The value of investments and the income from them can go down as well as up.

This advertisement has been placed by Lazard Investors Limited, a member of IMRO, as the Investment Adviser to Lazard Select Investment Trust Limited, a member of IMRO, a Guernsey Class A1 authorised collective investment scheme and a U.K. recognised scheme.

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(Mercury Fund Managers Ltd. is a member of the Unit Trust Association, IMRO and LAUTRO and Mercury Rowan Mullens Ltd. is a member of IMRO.)



FINANCE & THE FAMILY

With the Budget imminent, John Edwards discusses the options open to taxpayers as the financial year nears its end

Make use of those allowances

NO-ONE LIKES paying tax unnecessarily. So it is that every 12 months, as the end of the tax year approaches on April 5, there is a sudden frenzy of activity to try to beat the deadline for making use of all the allowances available. This year is no exception, but the game has changed in certain areas since last year's "radical" Budget.

	1982	1983	1984	1985	1986	1987	1988
January	-	0.344	0.278	0.217	0.153	0.110	0.075
February	-	0.338	0.273	0.207	0.149	0.108	0.070
March	0.297	0.335	0.269	0.199	0.148	0.103	0.068
April	0.270	0.317	0.252	0.171	0.137	0.090	0.048
May	0.300	0.311	0.249	0.168	0.124	0.089	0.045
June	0.358	0.308	0.244	0.163	0.135	0.098	0.041
July	0.358	0.301	0.246	0.168	0.138	0.090	0.040
August	0.355	0.296	0.234	0.152	0.125	0.087	0.029
September	0.358	0.290	0.232	0.153	0.129	0.084	0.024
October	0.346	0.285	0.224	0.151	0.127	0.079	0.014
November	0.343	0.281	0.217	0.157	0.118	0.074	0.008
December	0.345	0.277	0.221	0.156	0.114	0.075	0.006

the table. Suppose you sold in January for £15,000 an asset bought before 1982 for £8,000. To calculate the CGT liability, you would first have to calculate the value of the asset at March 31, 1982 - say, £10,000. Then multiply this by 0.297 - £2,970. Deduct this figure from the paper gain of £7,000, leaving a net tax liability of £4,030.



When calculating your CGT liability, you also have to bear in mind the indexation allowance, which strips out any gain that reflects purely the effect of inflation. This could turn a "paper" profit into a "real" loss. For example, a gain of 2 per cent in the value of an investment of £100,000 during a period when inflation has risen by 4 per cent means a real loss of 2 per cent.

think tax rates are going down. In addition, you should remember that CGT is payable on December 1 in the tax year following the disposal. So, if you delay taking any further gains until after April 5, then payment is not due until December 1990.

Nevertheless, it is worth using the £5,000 exemption, if necessary by "hed and breaking" - that is, selling shares one day and buying them back the next, hoping that the price hasn't moved dramatically against you overnight. This establishes your gain and sets a higher value on the rebought shares. Most stockbrokers offer reduced charges for this kind of transaction, but it does cost money and there is an element of risk involved which you have to balance against the potential tax saving.

Making use of the capital gains exemption is, of course, an annual event, just like using up the inheritance tax allowance. But there are some special situations, exclusive to this year only. If you are paying maintenance or alimony, this is the last year when you can still do something to maximise tax relief. From April 6, all maintenance payments have to be made gross. Tax relief will still be given under the old rules for existing payments but will be restricted to the amount actually paid during the year to April 5. Any increases, thereafter, will not qualify for tax relief.

So, if you are going to increase maintenance payments, or expect to be forced to do so, it is crucial to start the rise before April 5 - even if this means anticipating increases in payments that might normally have been made at a later stage. In other words if you are paying £5,000 a year but expect this to rise to, say, £8,000 during the next few years, from the tax point of view it might make sense to put it up to £8,000 now and "freeze" any further increases for a few years.

Another "special" this year is pensions. There is the one-off opportunity for those contracting out of the State Earnings-Related Pay Scheme (SERPS), and qualifying for the incentives in the form of National Insurance contribution rebates, to backdate the decision to the 1987/88 year. Thus, you get the rebates and bonus for two years - providing you act before April 1.

At the same time, for top-rate taxpayers with unused pensionable "earnings" there is the last chance to take advantage of the 60 per cent tax relief available right back until 1991/92. You can elect to carry back the payment of pension premiums for a year (until 1987/88) and then utilise any unused tax relief for a further six years, but the relief is based on the rates current during the year when the payments were made. So, after April 5 the maximum relief available will be 40 per cent, not 60.

Exemptions offer scope for saving

ALTHOUGH "Independence Day" for the separate taxation of married women is not until April 1990, there is scope for tax saving in the meantime, including actions which should or should not be taken before April 6 this year.

Starting on April 6, 1990, you and your spouse will be taxed separately on your gains, you will each enjoy exemptions, and you will be able to carry forward your own losses. But it will no longer be possible to offset the losses of one spouse against the gains of the other.

second, so that excess gains are realised by a spouse with losses to carry forward (and after that by one who is paying basic rather than higher rates of tax).

bond, or guaranteed income or growth bond. Each contract is assessed separately, with no offset of losses against gains. Tax is charged at the higher rate of tax, less basic rate, if you are a higher-rate taxpayer after taking account of the gains. As capital and chargeable gains are both regarded as top slices of income, they can have a cumulative effect. Therefore, if you risk incurring tax on chargeable gains, these should be delayed until after April 6, 1990. By then, the offending policies should, if necessary, have been assigned to whichever spouse will not then be a higher-rate taxpayer.

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It is a long time since it has been possible to obtain returns of 10 per cent and over from so many risk-free investments. Building societies, in particular, are currently yielding investments, as Money Observer reveals in a detailed survey of building society investments in its March issue.

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Backed up by Money Observer's unrivalled performance data on shares and detailed data on unit trusts and investment trusts.

**MONEY OBSERVER** it adds up to an unrivalled investment package and it can be yours for just £1.95 a copy from leading bookstalls.

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To: Money Observer Subscriptions, 120-122 Lavender Avenue, Mitcham, Surrey CR4 5AP

Please take out a subscription for me to start with the March issue.

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Name: \_\_\_\_\_ (BLOCK LETTERS PLEASE)

Address: \_\_\_\_\_

**BUSINESS AVIATION & CHARTER**

The Financial Times proposes to publish this survey on:

**28th March 1989**

For a full editorial synopsis and advertisement details, please contact:

**Tim Kingham**  
on 01-248 8000 ext 3606

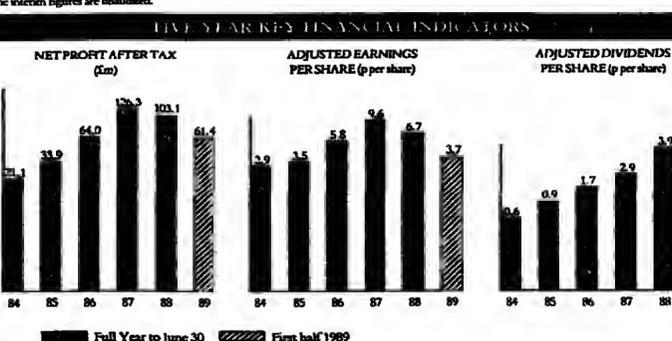
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London  
EC4P 4BY

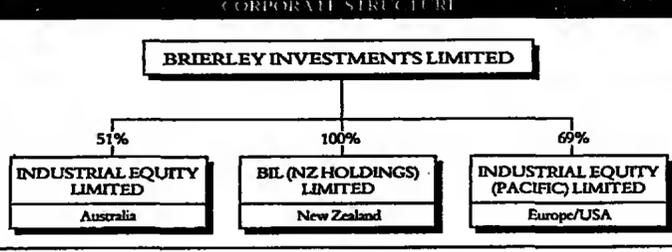
**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

BRIERLEY INVESTMENTS LIMITED  
1988/89 INTERIM PROFIT ANNOUNCEMENT

	Half Year 31/12/88	Half Year 31/12/87	Full Year 30/6/88
Net Profit after tax (£ million)	61.4	26.7	103.1
Adjusted Earnings per share (p per share)	3.7p	1.9p	6.7p
Adjusted Dividends per share (p per share)	1.6p	1.6p	3.9p
Shareholders' Funds (£ million)	828.1	728.8	852.0
Capital Funds (£ million)	1966.5	1129.9	1782.8



NZ \$1.00 at 31/12/88 £0.251p, 30/6/88 £0.39p, 31/12/87 £0.256p, 30/6/87 £0.37p, 30/6/86 £0.36p, 30/6/85 £0.37p, 30/6/84 £0.47p.



**BIL**  
BRIERLEY INVESTMENTS LIMITED  
(A company incorporated in Wellington, New Zealand)  
3rd Floor, 10 Eastcheap, London EC3M 1DJ  
Contact Trevor Beyer on (01) 621 9072 for a copy of the Interim Report which will be sent to shareholders on 14 April 1989.

OUR VIEW OF THE PRIVATE CLIENT

Choosing someone to look after your personal investment portfolio while you pursue your own business or leisure activities is no easy matter. Asset investors with substantial portfolios will want a sophisticated investment house which is large enough to cover the diverse range of products and markets that are available, but interested enough in private client business to provide individual attention. James Capel is one stockbroker with a reputation for serving both institutional and private investors.

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And to a world where investment markets are driven by keyboards and electronic communications, the successful competitor needs the financial and technological resources to win. Only the largest investment institutions are likely to survive and prosper. James Capel is a member of the HongkongBank Group and has 21 offices on four continents. We are over 200 years old and have over 2000 employees worldwide providing a level of continuity and assurance that is comforting even in the most unstable market conditions.

So, when you are thinking of appointing a new portfolio manager or should you need a professional investment service for the first time, talk to James Capel. Perhaps we can offer you a fresh view of your investment affairs.

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**James Capel**  
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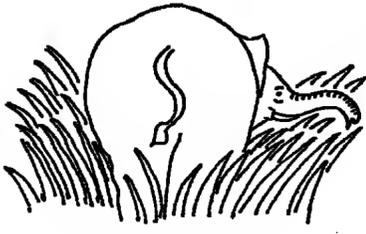
**JILL HANSON**  
INVESTMENT MANAGEMENT DIVISION  
James Capel & Co., Limited  
James Capel House, 6 Bevis Marks, London EC3A 7JQ Telephone: 01-588 0998

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FINANCE & THE FAMILY

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If you're looking for consistent results from a Unit Trust, please or write to us for more revealing facts and figures at Stewart Ivory Unit Trust Managers, 45 Charlotte Square, Edinburgh, EH3 4HW. Tel: 031-226 3271.

The value of unit trusts may fluctuate and past performance is not necessarily a guide to their future performance.



John Edwards offers some informed speculation about Lawson's intentions on Tuesday afternoon Decoding the Chancellor's signals

SPECULATING about the Budget is a bit of a mug's game. Not for nothing does the Chancellor go into "purdah" for several months before the Great Day; and Nigel Lawson, in particular, seems to like to keep a few surprises up his sleeve.

Amid the welter of speculation, though, it is usually possible to pick up some common themes and the issuing of committal documents, seeking a reaction to proposals, gives some clear signals of areas where the Chancellor is very likely to take some action. So, what are the special points for which to look out?

The economic pundits haven't made up their collective mind yet as to whether the Chancellor will go for further tax cuts or make it a "savers" Budget. But there is general agreement that something will be done to encourage wider equity plans, sales of which

have dropped dramatically.

The simple answer would be to raise the maximum permitted investment substantially from its present \$5,000 ceiling and ease some of the restrictions. However, the industry has been pressing hard for a much more important change: to allow tax relief on the way in instead of the way out.

That would be a major concession by the Chancellor. But it might form part of a general bid to encourage wider share ownership if it is going to be a "savers" Budget.

An additional fillip might be provided by scrapping stamp duty on share purchases, while possibly retaining it on property transactions.

With the profit-related pay scheme having flopped, the Chancellor might like to try again by encouraging the use of employee share ownership plans (ESOPs) which have made an impact in the US (see

story below).

An even more radical idea, that could also be pinched from the US, would be an adaptation of the individual retirement account idea where sav-

ing put up, implying that the policy-holders would suffer if the insurance companies were forced to pay more.

Scrapping the special relief on qualifying policies would be one way of getting at the insurance companies, while at the same time continuing the Chancellor's campaign for a "level playing field" for savings products.

The same could apply to pensions, but this seems a bit unlikely in view of the Government's main pre-occupation with persuading employees to contract out of the State Earnings-Related Pension Scheme (SERPS) into the private sector.

The unit trust industry has been lobbying hard for the "level playing field" theme to be extended to the so-called umbrella (fund of funds). At present, offshore umbrella funds, many of which can now be sold and promoted freely in Britain on the same terms as

authorised domestic funds, have an identifiable tax advantage over their UK rivals. If that is not put right, then all of the business will go offshore.

The Chancellor is also expected to take action against another kind of offshore trust: that set up for British residents as a means of deferring or avoiding capital gains tax. This could be done by the net being spread wider to take in domestic trusts, which are somewhat of a British institution and do not fit happily with the rest of the European Community.

For those living offshore, or "foreigners" in Britain, the Budget could bring radical changes in their whole tax status. An Inland Revenue consultative document last year outlined the proposed new regimes. It now seems just a question of how to introduce the proposals will be formalised. So, it could

be an important Budget for expatriates.

Closer to home, there could be further amendments to the business expansion schemes. Supporters of these are hoping that the upper limit of £500,000 imposed in last year's Budget on all of them, with the exception of the new assured tenancy and shipping schemes, will be increased.

On the other hand, there is a strong case for scrapping the BES completely since they probably have fulfilled the original objective of creating new jobs and are now just a way of raising venture capital - at the taxpayers' expense.

One certainty is that owners of company cars will be hit again. The Chancellor said last year that the proposals he had in mind to increase tax on this introduction all at once, so he will be having another bite this time.



are given tax relief on a given amount put into any kind of investment.

ESOPs: an incentive for staff

THE GOVERNMENT predicted last month that employee share ownership plans (ESOPs) would be "the main method in the 1990s of involving employees as share-holders in the companies which employ them."

Yet, there is still not a single reference to ESOPs on the status book. Come Tuesday, the last Budget of the 1980s, it might just change that.

ESOP is a concept imported from the US where these plans have a well-established legal status and benefit from generous tax concessions. In broad terms, an ESOP is an employee trust which acquires shares in a company and then distributes these shares gradually to the company's staff.

The trust's share purchases are funded either by loans or grants from the company itself, or by external borrowings that will almost invariably have to be secured or guaranteed by the company.

ESOPs are not designed to operate as a "stand-alone" incentive structure. Once the shares have been gathered by the trust, they will then be passed out to the staff using one of the conventional forms of employee share scheme - typically, a Revenue-approved share option or profit-sharing plan. So, whilst an ESOP can a company gain by setting up an ESOP linked to an



approved share option scheme, rather than just making do with the option scheme?

In the first place, if a company issues shares to an ESOP it receives an immediate cash injection and if the ESOP can be funded externally on satisfactory terms, then this could be a cheap way for the company to raise money. By contrast, if the company were merely to issue share options, then no cash would come in until these were exercised, usually at least three years later.

Second, if a substantial share-holder wants to sell and the company is anxious that the shares should remain in friendly hands, an ESOP might well be an ideal purchaser. Again, a share option scheme could not do the job.

ESOPs can solve the major problem for any private company wishing to provide an incentive for its staff - the lack of marketability for its shares. The trust can act as a market-maker, buying shares from departing employees and others who wish to sell, warehousing them, and then distributing them to new recruits.

Yet, in spite of these attractions ESOPs have made very little impact in the UK so far. Since there is no registration procedure, no-one has any real idea of how many have been set up.

Two main barriers have deterred UK companies. The first is section 151 of the 1985 Companies Act, which makes it a criminal offence for a company to provide financial assistance in connection with the acquisition of its own shares. Although there are certain dispensations for employee share schemes, these exemptions do

not give blanket protection to a company funding an ESOP, so that the possibility of a criminal infringement is always lurking in the background.

How, then, this particular constraint should soon be removed. Last month, Government spokesman Lord Strathclyde told parliament that companies are to be given much wider scope to subsidise ESOPs. The DTI is giving a high priority to preparing the necessary amendment for insertion in the Companies

BES companies back for more

wheels, which gives it unusual traction and mobility. It will even go over rough grass. It is collapsible and battery powered.

With \$600,000 having been spent on development costs, funds are needed to manufacture and market. The minimum subscription of \$200,000 has already been raised, but the company hopes to raise \$500,000 by April 5. The issue is sponsored by Dartington & Co.

Spiffire Television is also hoping to raise development capital under a BES. The company has changed gradually from producing videos and commissioned titles for the BBC and corporate users to being a supplier of production facilities. It wants to expand by offering additional services such as telecine - the transfer from 16mm film to 35mm film to video in different formats - and sound mixing.

The Squirrel's design is not based on manual wheelchairs, which typically use two large driven wheels that steer the chair by turning at different speeds coupled with two castor wheels like a shopping trolley. Instead, the Squirrel uses four relatively small

nel 5, cable and satellite stations. The minimum subscription is only £500 and Matrix is the sponsor.

There are also a number of BES companies coming back for more money. This is not always a good sign, although all the companies described here are arguing more money is simply necessary to grow the business.

One such is Luca Gemstones, which is seeking an additional \$500,000. Luca buys and sells fine coloured gemstones, particularly sapphires, emeralds and rubies. The company, which has just moved into profit after a good Christmas, is run by joint managing directors Darius Guppy and Ben Marsh, both Oxford graduates in their mid-thirties. Neither have much experience in the gem business, but the company does have a gemstone consultant with 40 years' experience.

Profits to the end of its first trading year should be at least £110,000; Chancery is the sponsor.

Britannia Marine is also coming back for \$5m to help with a \$9.5m acquisition of a safety standby vessel operation, the Suffolk Marine Bus-

ness. Standby vessels are required for all North Sea operations. 51 of the 69 survivors from the Piper Alpha tragedy were rescued by standby boats. The standby industry - which exists only in the North Sea - is said to be picking up and should continue to improve.

Britannia is a management buy-out launched on the BES in December 1987. It was then capitalised at \$1m and, in its first year of trading, produced £250,000 in pre-tax profits. It has six standby vessels but wants to buy five more and three supply vessels.

The business is highly dependent on offshore oil and gas industry activity, and the standby and supply boat markets have both experienced recessions. This could happen again over the five-year period you need to hold the shares to qualify for BES relief.

Other shipping issues on offer include Short Sea Europe, sponsored by Lazard Development Capital, and a further \$5m issue for Bromley Shipping. Both operate short sea storage vessels.

Shipping might not strike you as any more exciting than assured tenancies. But, when choosing BES ventures, it is worth bearing in mind that performance bears little relation to the entertainment value of a prospectus.

Heather Farnborough

RHONE-ALPES

The Financial Times proposes to publish a Survey on the above on

11th April 1989

For a full editorial synopsis and advertisement details, please contact:

Patricia Surridge on 01-248-8000 ext 3426

or Benjamin Hughes, Financial Times (France Ltd)

Centre d'Affaires, Le Louvre 168 rue de Rivoli, F-75044 Paris, Cedex 01, France

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Nationwide Anglia Building Society

(Incorporated in England under the Building Societies Act 1874) Placing of £20,000,000 12 1/2% per cent Bonds due 19th March, 1990

Listing for the bonds has been granted by the Council of The Stock Exchange. Listing Particulars in relation to Nationwide Anglia Building Society are available in the Ectel Statistical Services. Copies may be collected from Companies Announcements Office, 46-50 Finsbury Square, London EC2A 1DD until 14th March, 1989 and until 27th March, 1989 from:-

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11th March, 1989

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Table with columns: Cleared Bank, Building Society, National Savings, Money Market Account, UK Government Stocks. Rows include Deposit account, High interest cheque, Income bonds, etc.

S&P makes the banking cheaper

SAVE & PROSPER is to make some big changes to its Robert Fleming high interest bank accounts from April 1. On its Premier Account, it will abolish all transaction charges providing the account has a balance of £3,000 or more.

The overdraft interest rate will be 2.5 per cent over base rate (AFR 18.5 per cent, which includes the 55 monthly charge when overdrawn).

There will also be no charges on the Classic Account providing it is in credit, but the overdraft interest rate will be slightly higher at 4 per cent over the base rate (AFR 19.5 per cent, which includes a £2 monthly charge when overdrawn). S & P has also abolished the £250 minimum transaction value on deposits and cheques.

A free telephone banking service will enable Premier and Classic account-holders to pay regular bills such as gas, electricity and so on, and to obtain details of balances.

Three new life term assurance protection products have been launched by the M.A. Group. Life Assurance-plus provides a fixed amount of life cover for a selected period, but it is possible to have all the premiums returned at the end of the term.

The Income Insurance-plus provides an income for a selected number of years in the event of death with or without the option of return of premiums on survival.

Mortgage Protection-plus repays the loan if you die, but you also have the option of taking back the premiums at the end if you don't.

Stockbroker Robert White, part of the TSB group insurance

and investment services division, has completed the purchase of another stockbroking firm, Earnshaw Bes. This will now become the London office of Robert White, which has offices in Cheltenham and Manchester and plans to open in Birmingham and Glasgow.

UK expatriate investors may be interested in CCL's recently launched offshore fund, the International Investment Bond. The minimum investment is \$5,000 and the fund will be managed by Kleinwort Benson.

The bond allows UK expatriate investors retaining home tax status to transfer their investment into one of CCL's similar UK-based investment funds before their return. Contributions may be added at any time and it is also possible to switch market sectors.

A new financial service for expatriates is being launched by Colebridge Cole & Robertson, the life and pensions broker, which is linking up with Royal Scandiana Life and the Royal Trust Bank. CCR will be in Hong Kong in April providing its services - in particular, school fees planning, offshore pension provision and mortgage finance for expatriates.

Templeton Unit Trust Managers is marketing a regular investment plan which is linked to the two unit trusts, Global Growth and Global Balanced, that were launched in September 1988. The minimum investment is £20 a month and additional lump sums can be added at any time.

Initial charges are 6 per cent and the annual management fee is 1.25 per cent deducted monthly.

New York lure

A FREE TICKET to New York or Miami could be yours for the cost of one journey and a new building society account. All you have to do is open a Gold Plus account (minimum investment \$500) with the Alliance & Leicester Building Society before March 31, and you will be entitled to have an additional economy class return ticket providing you buy a full adult economy return ticket for the same flight from Virgin Atlantic.

The Gold Plus account, which gives instant access for withdrawals, pays fixed interest rates ranging from

8.15 per cent to 9.25 per cent according to the amount you deposit.

Conversely, the society has also introduced a high interest account called Capital Choice where the rates of interest depend on the length of the notice required for withdrawal. The highest annual rate is 10.35 per cent on an account with six months' notice, while the lowest monthly rate is 8.95 per cent. On a one-month notice account, the annual rate is 9.15 per cent, and the monthly rate is 8.85 per cent.

H. F.

FINANCE & THE FAMILY

EXPATRIATES

In sickness, you need wealth

BRITISH EXPATRIATES are entitled to National Health Service treatment if they fall ill. True or false? The unsatisfactory answer is: "It all depends."

in Spain, largely for health reasons. But, as he puts it: "Remonstrations and appeals, talk of a full record of NI contributions and government service were all to no avail. Those were the rules and the rules had to be obeyed."

Mr Smith thought it unfair that they should pay for his wife's treatment simply because they happened to live

in some, such as Bulgaria, Hong Kong and Poland, you will need to produce your UK passport in order to get medical treatment and in some, such as Bulgaria, Hong Kong and Poland, you will

Caring and sharing

I AM A WIDOW living in part of a house which, until 1978, I owned. My husband died in 1978 and, after trying to let a portion of the house, I entered into an agreement to share it with a daughter and family.

daughter and, to safeguard her interests, I made a will leaving my estate to be shared equally between them. At that time, it would have meant my younger daughter paying out my elder daughter with the share of the monies of the estate.

1. What is the amount at which inheritance tax has to be paid? What is the rate? 2. Is there any way I can help my younger daughter and not be too unfair to my elder daughter?

O&A

BRIEFCASE

An legal responsibility can be accepted by the Financial Times for the accuracy of the information given in these columns. All inquiries will be answered by post as soon as possible.

Building a future

I AM contemplating demolishing my present house and rebuilding two detached properties. Because of the superb views and location of the site, my wife and I wish to retain one of the properties to live in.

have your mail addressed to house B, for convenience. 3. Submit a joint notice (under section 101 (9) (a) of the Capital Gains Tax Act 1979) that house A be treated as your joint main residence with effect from the day you move into it.

1. The first £110,000 is exempt from tax; the rate is then 40 per cent. 2. Yes, you can make provision by codicil-charging all inheritance tax on the rest of your estate in operation of the house.

3. You can make gifts of capital of up to £3,000 in each year without attracting a charge to inheritance tax. You should note that if there are only the three names as tenants-in-common, and no more is stated in the deeds, your interest would one-third, not one-half.

Alarmed by a car

FROM THE beginning of November, someone has been parking a car in my road

around machines two or three times a week, leaving it wired to a pre-set theft alarm which goes off at 1.50 pm and continues to do so several times until around 2.40 pm, without anyone coming to switch it off.

Let there not be light I LIVE in a bungalow in rural surroundings with no street lights. My new neighbour has installed 500-watt floodlights at high level, front and rear.

These lights illuminate my main bedroom (even with the curtains closed), my second bedroom, lounge and most of my rear garden. After a complaint, the lights are now switched-on only from early dusk until 11 pm weekdays and after midnight at weekends. The only respite we get is when the occupants are away.

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MAGAZINE PUBLISHING. The Financial Times proposes to publish this survey on: 17th May 1989. For a full editorial synopsis and advertisement details, please contact: Neville Woodcock on 01-245 8800 ext 3365.

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THE PROMISE OF THE PACIFIC BASIN

The Pacific Basin is one of the world's fastest growing economic regions. Countries such as Hong Kong and Singapore have long had dynamic economies. They and the other developing economies in the region look set for continuing powerful growth - why?

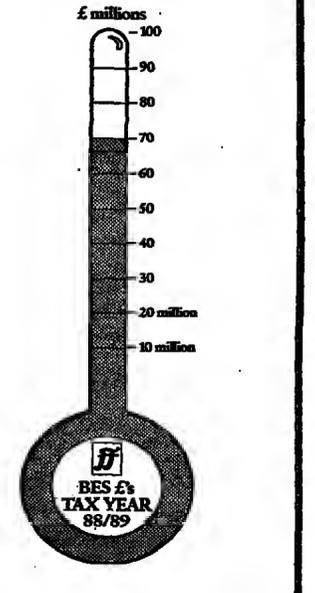
To reduce costs and remain competitive, the Japanese have recently been setting up manufacturing bases throughout the Pacific Basin, speeding industrialization and boosting intra-regional trade. The effect of this investment should not be underestimated.

BG Pacific - Application Form. Registration details. BLOCK CAPITALS PLEASE. Surname (Mr/Ms/Ms/Ms) Forename(s) in full. Address. Signature. Date. Joint applicants should sign and enclose registration details separately.

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MINDING YOUR OWN BUSINESS

# Shaken and stirred by misfortune

ACCORDING to popular myth, former stockbrokers forsake the City of London for the peace and comfort of Hampshire estates or imitation Tudor homes in Surrey.

When Tim Coghlan, 41, became another casualty during the wave of sackings in the financial markets last year, losing his job with stockbroker Matheson Securities where he had been financial director-designate, he was a shaken man. But he was fired by one unshakeable goal: he determined to start his own business and never work for anyone else again.

After assessing his capabilities as best he could, he decided that success might lie in one of three possible areas: advising on pensions (he is a chartered accountant), running a joinery business (he converted two cottages into a family home), or running a boating business (he has a half-share in a Contessa 32 cruiser-racer).

Haskins and Sells, acting as receiver, was offering for sale a marina business based on the historic Braunston canal basin in Northamptonshire, at the northern end of the Grand Union canal.

The 11-acre complex, founded in 1779 early in the canal era, included dry docks, boat berths, repair sheds and offices. Just about as far from the sea as it is possible to be in

## Roy Hodson profiles a man who was sacked as a stockbroker but now owns Britain's biggest inland marina

England, and a rather run-down place, Braunston was nevertheless the biggest marina on the entire inland waterways system.

Less than a year later, Coghlan controls a company which is rapidly improving Braunston with the aim of making it the show-place of the canal system. There are to be new cottages, flats and a pub. The marina is being renovated and will be enlarged. The historic build-

ings are being picked out in their traditional colours of black and white, with a touch of bright blue. The dry docks are being restored to use, with new pumps that can empty or fill a dock in an hour. Leases have been let for shops and a chandlery. Coghlan, who is acting as his own manager, accountant, site foreman and occasionally general labourer, says: "It will ultimately be a

£1m development and I expect to be making a profit of £200,000 a year for our shareholders by the third year of trading."

But getting to his present position as half-owner and managing director of an expanding business has meant undergoing almost a year of the most alarming series of experiences he has known. The first shock was when he discovered that Braunston, as

offered for sale, had a lease of only 24 years from the British Waterways Board and that there was an unrealistically high asking price of £500,000. He resolved to try to get the price down, and then to provide personal finance for the marina by selling his house and unlocking some of its £300,000 capital by buying a cheaper house in the Midlands.

He also set about trying to raise venture capital in London. Some months later, he was a sadder but wiser man. In spite of his 20-year City connections working in stockbroking and financial institutions, he failed to raise a penny from venture capital sources.

Meanwhile, he entered into a tortuous series of negotiations with the receivers and the British Waterways Board. As other bidders dropped out, disliking the short lease, the price of the property came down gradually towards £200,000. But Coghlan was aware that there was always a possibility the BWB might see the price fall far enough to be able to buy-in the property for itself.

Then the BWB started Coghlan by demanding that a new lease should include a punitive clause concerning repairs to the property. Unless all the repairs, estimated to cost £250,000, were carried out to the board's satisfaction in under two years, it could confiscate the property.

Lloyds Bank, which had been prepared to help finance Coghlan, pointed out that such a clause made the lease virtually worthless as collateral for a loan and the deal looked like foundering on the rocks of finance when Coghlan finally quit the City in August last year. But he resolved not to give up, and he found that Barclays Bank in Northampton would be interested in helping

if the problems over the lease could be resolved. Meanwhile, he abandoned his hunt for venture capital and set up a scheme to raise £150,000 from City friends and contacts through a Business Expansion Scheme.

He says he saw a slaving to the loom when the lease while he was on a shopping trip in the morning. If the proposed lease was useless as collateral until



Tim Coghlan at his marina... he's determined never to work for anyone else again

the repair work was completed to the BWB's satisfaction, then, he reasoned, probably the only people who would lend money on the property in the short-term would be the present owners who were trying to sell it through the receiver. Those owners turned

out to be the Hong Kong and Shanghai Bank.

Many meetings and (for Coghlan) sleepless nights later, the bank agreed to his proposal. There was a day-long meeting of 10 experts in Manchester - Coghlan and his advisers, the two banks, solic-

tors and the receiver. Coghlan got his marina for £314,500. The professional time and effort that went into closing it was worthy of a multi-million pound deal," he says.

Braunston Marina Ltd, 0728-291-373.

# Into the future, with hope

MOST PEOPLE go into business with something they believe will sell. Britain's latest biotechnology venture is different. Its principals see only opportunities opening somewhere, in the future, in an area of academic science remote from most people's understanding. They have created a company that will try to seize those (still unspecified) opportunities as they emerge.

Stephen Bunting and Alan Monro, as founding directors, are stronger on what Immunology Limited will do than what it will do. It will not try to ape anything British biotechnology ventures are already doing. But the key appointment - chief executive - has not yet been made, and it will be his or her first task to mastermind a business plan.

Bunting joined Abingworth Management, a London venture capital company, from N. M. Rothschild, to help found a new fund specialising in biotechnology ventures along lines pioneered by Rothschild's successful Biotechnology Investments. Bunting was, however, keen

to try something Rothschild had not tried: namely, to help start a company from scratch instead of financing plans drafted by others. "That way you get the people and structure you want." The time to try, he says, is early in the life of a new fund, before the problems of managing a large port-

## David Fishlock reports on two men who are banking on developments that have not yet taken place

folio of investments become too demanding. Bunting talked widely with pharmaceutical companies about the untapped opportunities for biotechnology. He wanted the company to work closely with established drug companies to invent future therapies.

He decided the science to go for was immunology, the working of the body's defences, which is moving very rapidly. The biggest opportunities for immunotherapy lie in three broad directions: cancer, auto-

immune diseases such as AIDS, and organ transplants, all of wide public interest.

Bunting approached Dr Alan Monro, 52, head of immunology at Cambridge University and a consultant to his fund. He persuaded Monro to abandon a 30-year career as a doctor, to freeze his pension, and to become

research director of the new Cambridge-based company. Bunting also persuaded an ICI scientist, Dr Bill Duncan - managing director of Cooper Animal Health, the ICI-Wellcome joint project - to be non-executive chairman of the embryonic venture.

Abingworth itself has invested £500,000 in immunology, enough, says Bunting, to lease its first labs and hire staff. Once it has a business plan, he expects to raise another £3m from Abingworth biotechnology investors to

launch it into its first research. Everything, though, pivots on the appointment of a chief executive. The specification Bunting and Monro have drafted is pretty daunting.

"Above everything, strong business skills," Bunting says, while also wanting an entrepreneur with a technical background, preferably experienced in the development of drugs.

"Small-company experience would be ideal," he adds. Most important of all: "We want someone who is motivated by stock appreciation rather than salary. The right guy is going to end up very wealthy." For that reason, the starting salary they have in mind is only about £75,000, although they are "prepared to pay what it takes."

They envisage a company designed to grow smoothly and steadily in value, rather than dramatically quickly, so that tempting stock options can continue for some years to be a major factor in recruiting staff. Immunology Ltd, St John's Innovation Centre, Cowley Road, Cambridge. (No telephone)



David Lenton: close-run thing

# Making a spectacle...

SPOTTING an opportunity is one way to get into business for yourself. Actually creating an opportunity is much rarer. It can be a route strewn with obstacles as David Lenton, 45, found when he ranged himself against the might of the opticians' lobby.

Looking back over his battles of the past couple of years, and the risks he ran of losing all his capital before ever actually getting into business, he agrees that it was a close-run thing at times.

Lenton campaigned for the right to sell ready-made reading glasses, without prescription, through shops at prices well below the ruling prices charged by opticians for prescription spectacles. For a period last year, he was spending his own money at the rate of £5,000 a month, lobbying for parliamentary support for his cause.

It is now history that an amendment to the Health and Medicine Bill to permit such glasses to be sold freely was approved in the Lords by just four votes on a free vote. So, round one went to the tena-

acious Lenton, a marketing man based in the north-west.

He is now shaping up to win round two. That would be a sizeable stake for his newly-formed company, Read-Read, in an estimated £35m-plus annual British market in over-the-counter reading glasses. The market opens for business on April 1 when his plans will become legal.

Lenton has formed Read-Read with an accountant friend, Ray Griffin, 46, and with financial backing from a venture capital company called 3i.

In a scramble against fierce competition to be first into the market, Lenton is hiring an initial staff of about 20 headquarters people and a sales team, together with a national force of some 50 part-time merchandisers to keep the shops stocked with glasses.

Earlier this month, he moved the new business into a 6,500 sq ft warehouse and office on the Arrowe Park business park, Wirral, Merseyside.

By April 1, he will have imported more than 100,000 pairs of reading glasses from

factories in South Korea and Hong Kong and will have a good proportion of them ready for sale in the shops. During the past six months, he has made three trips to the Far East to search out suppliers.

Lenton has set his sights on capturing up to 20 per cent of the British market in ready-made reading glasses, with the spectacles - in a range of styles and nine different optical strengths - all selling at a standard £12.99. The factory gate price for them in the Far East is about £2.50.

He is supplying shops with sales stands holding racks of the glasses, colour-coded according to strength. Buyers will self-test their eyesight with a small sight-testing chart.

Lenton and Griffin have invested £150,000 in the venture and 3i is putting in £500,000. They are forecasting a turnover of £1.5m in the first year.

Read-Read (office address) 1-2 Charles Street, Wrexham, Cheshire (tel. 0978-355-023).

R. H.

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DIVERSIONS

"WE HAVE the Spanish and the Portuguese, they're all right. We have the West Indians, they know how to behave but they're French. Then there are the Africans, most of them aren't too bad. But the immigrants, they're dreadful."

So says the caretaker of a tower-block in Les Minguettes, a township to the south of Lyon. In France its name evokes images of urban disorder. By "immigrants" he meant North Africans - Algerians in particular. Popular attitudes to the Maghrebis echo views found in Britain about West Indians.

The North African Arab, in addition, provokes the special sort of antipathy directed in Britain at people from the Indian sub-continent, since his culture and religion are non-European. With Islam the second faith of France, reactions in the Rushdie affair are watched anxiously - not least among the moderate majority of Moslems. Ask a taxi-driver to take you to Les Minguettes and the reply could come from a London cabbie, asked to drive to Broadwater Farm estate in east London: "Madam, you do not want to go there."

The French problem though is not so much an inner-city as an outer-city one. The satellite townships that sprang up in the high-employment Sixties belong to a different planet to the prosperous centres of France's major cities. What strikes you most about these developments is their size. They are enormous.

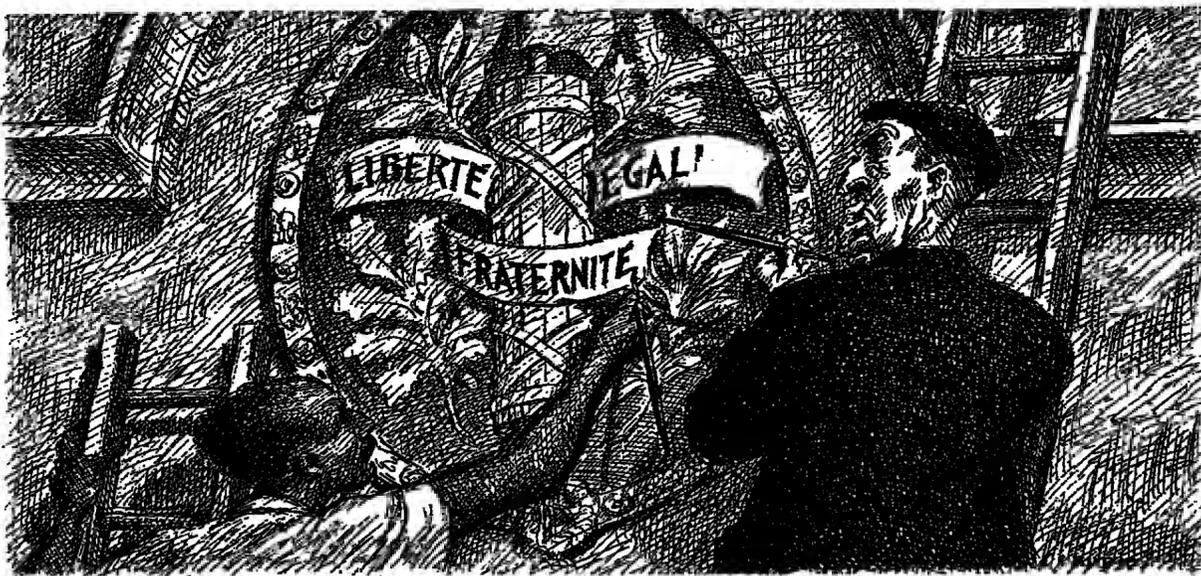
Each one has several different neighbourhoods or quarters, some relatively sought after, others avoided at all costs, (the latter invariably associated with "immigrants"). The developments were built to houses as many as 20,000-30,000 people each, often doubling the population of the local commune on to which they were grafted. For those I visited, outside Lyon and Paris, "estate" would be far too small a word. The French call them cités. Tourists who glimpse the cités low-cost, high-rise HLMs (Habitations à loyer modéré) from the motorway wonder how human beings can live in them.

Yet Les Minguettes, the most notorious cité of all, has a certain beauty. It stands on a high plateau and on a sunny day shines white, like some modernistic Camelot. The concrete towers overlook stretches of open space. There are tennis courts, a swimming pool, a football-ground, a cinema, a shopping centre. It is only on closer inspection that you discover that all 11 tower-blocks of the quartier called "la Démocratique" stand empty, walled up, that nearby shops are derelict and that the one place to eat is closed in the evening.

Les Minguettes became headline news in the early Eighties not because of full-scale rioting but spasmodic bursts of violence and lawlessness. The "worst" quarters became effectively no-go areas. Media coverage alerted the country to an urban situation that had gone catastrophically wrong. But what exactly had happened?

In the Sixties, the new urban developments provided essential housing for workers in expanding industry, also for the French who had lived in Algeria until the war and independence. In the Seventies, foreign migrant families were also provided with HLM flats as their home-made bidonvilles were evacuated in slum clearance schemes. North Africans were often a half or more of the total of foreigners to be rehoused in a cité, and all arrivals of foreign origin amounted normally to between a quarter and a half of a cité's inhabitants. The distribution added to frictions: large families with the rural customs of the Maghreb were often housed all together in the same tower-blocks, causing local unease.

The more the migrants moved in, the more the French moved out: anyone with the means acquired a private house. Vacancies grew, empty flats were vandalised, or squatted, more people still wanted to move out. The unskilled, the elderly, the single parent, the immigrant and his family - all those who had no choice - were left behind. And the working population, whether French or foreign, had less and less work between 1975 and 1982 in Les Minguettes, for instance, unemployment rose from 5.5 per cent to 13 per cent; in 1982, more than 60 per cent of young-



Bridging the cultural divide

French voters go the polls tomorrow in the first round of municipal elections. Immigration is a major issue. Jennifer Monahan looks at how the country is tackling the problem

sters between 16 and 19 were unemployed. A high birth rate creates an exceptionally young population - in Les Minguettes half is aged under 21. Comparable figures spell out a similar story in other areas where migrants settled: the south, including Marseille, the Paris region and the north east.

The French Government decided it was essential to tackle the multiple disadvantages suffered in so many of the modern cités. A National Committee for the Social Development of the Quartiers (known as the DSQ) was established. Two ideas have governed the DSQ approach from the start: Partnership and Solidarity. The aim is to draw on all resources: governmental, administrative, institutional, public, private, professional, voluntary. The committee aims at the same time to work hand in hand with the quarters themselves, drawing on local ideas, talents and resources. The guiding principles are: first, that everyone has a role to play; second, that the problems cannot be tackled piecemeal.

The committee, representing central government, has had an annual budget of Fr 200m (200m), increased to Fr 300m this year. It is never the sole source of finance for a project. Its own contribution is quadrupled by funding from other sources - local and regional government, construction companies, savings banks and so on. The DSQ provides a channel of access to the relevant funds. It sets a framework for innovation, and it monitors results. Its activities divide roughly equally between buildings and people. Examples of activities on the ground since 1983 provide fascinating lessons for any country which faces the same problems.

In 1982-3, for example, secondary classrooms in Les Minguettes were half empty; those children not playing truant - according to a teacher - had to make notes keeping one hand on their pencil case to prevent it being pinched. The schools were persistently vandalised. Parents joined forces to plead for change.

In '83 the cité was made an "Educational Priority Zone," with more teachers and

better pupil-teacher ratios. At the same time, pupils' disadvantages were approached on all fronts. A major problem was homework - which in the French system plays a decisive role in scholastic success or failure. Many children could not or would not work at home, and saw school as an institution from which to escape. The answer was a place outside the school, made available by the social services, where anyone with something to contribute, parents, older pupils, social workers and teachers could be on offer to help. The idea took off. The children came, the place is now packed. Gradually, school itself has become a place the pupils feel has something to offer.

Crime in the cité has by no means disappeared but it has dropped spectacularly. Since the tense days of confrontation, policing in Les Minguettes has followed a new pattern, with the emphasis on foot-patrols, professionalism and above all talking to people. Arrests have become better targeted, and have in fact incited complaints on the other hand have decreased.

One contribution I saw in action came from a professional group known collectively as "preventive instructors". Essentially, the instructor keeps young people with a delinquent record out of trouble by being available as adviser, guide, and intermediary - bridging the gap both with families and with the world outside, magistrates and employers included.

Employment, real employment with security and prospects, remains as illusive as ever. The various local centres established in partnership with the DSQ to help train and place young people have no illusion about the nature of a highly competitive market. In Vaulx-en-Velin (to the south-east of Lyon), the co-ordinator of one such centre outlined a situation recognizable to anyone who has ever tried to place under-qualified school-leavers.

"The kid who has his Baccalauréat has a chance, but less than before because so

many who've passed their Bac now top it up with a professional qualification. The kid who leaves the Bac stream and gets a CAP (technical qualification) finds it's of less and less use. And the kid with nothing to his name, he knows he's going nowhere." He added that hardly more than 50 per cent of pupils in the commune were still in the Bac stream after the age of 13.

Even so, with training schemes finely tuned to local needs and capacities, and astounded attention to making direct personal contacts with employers, the Vaulx-en-Velin centre increased its placements from 75 in 1984 to 700 in 1988.

In the six developments I visited, problems of health, including mental health, were mentioned. So far links between the DSQ network and the health-services have been slow to develop. One local initiative, however, gives an indication of what is possible when a problem is tackled on all fronts. The locality is Orly, to the south of Paris, and the problem is hard drugs.

In 1982 Orly town hall launched a drug addiction committee which assembled doctors, nurses, teachers, social workers, youth workers, "preventive instructors" as

well as police and elected councillors. Chaired by a young woman doctor employed to run the commune's public health services, the committee set about co-ordinating the many different approaches. By pooling contacts, addicts could be identified and helped, from inpatient treatment to follow-up support. Personal links with families and publicity in the local press encouraged more open discussion. Two years ago, the main dealers were arrested. Others who moved in from outside could not find a toehold.

Racial discrimination remains a problem not directly tackled. Combined with market forces, this particular handicap has, over the years, created a new crisis in housing. Local authorities, terrified by the "ghettos" they saw formed in the seventies, started establishing quotas for the proportions of immigrants they would allow into a cité - illegal but widely applied on the Left as well as the Right. Those willing to open their doors to all arrivals have found themselves, again, with the families no one else will have, mainly large, often North African.

The restrictions on access to the HLMs

- main source of subsidised housing - thus drives the most needy into the private rented sector, invariably substandard and overcrowded. And even this type of accommodation is in shorter and shorter supply.

Since first-generation immigrants do not have the vote, not even in municipal elections, they themselves have no say that counts. Their French-born children will count. Their French-born many lack a decent roof. The HLMs a fair proportion now renovated and attracting back a wider social mix, nevertheless still have far too many flats standing empty.

Mantes la Jolie, on the Seine 60 km to the north-west of Paris, has established a novel solution. On the edge of the old Mantes is le Val Fourré, a cité put up during the car industry boom. Ten different companies run the cité's 8,300 HLM flats: large local employers have a right to a quarter of the stock, for which they pay a statutory price on turnover. The socialist mayor of Mantes, Paul Picard, decided the customary inflexibilities of the system were not to be tolerated.

Over five years, Picard persuaded all the parties involved to produce detailed studies of their quarter, to share the information, and to allocate flats according to commonly agreed priorities, the aim being a viable social mix. A computer programme handles a housing "stock exchange," which pools applicants' requirements and offers details, not only of the accommodation but of the neighbourhood above and below, the local facilities, and so on. Applicants thus opt not just for a flat but for a quarter. Fine tuning is against the law, and the backlog of vacancies is clearing.

As Paul Picard stresses, today's "immigrant" problem is literally being outgrown as the second generation takes over from the first. He also points out that France is largely made up of people who were once immigrants. "Diversity of cultures brings a richness, for France and for Europe. Immigrants are a plus." Not many migrants express themselves this way in the run-up to municipal elections.

A new inter-departmental body is now being created. It will not replace the DSQ's work, which is to continue, but aims to draw whole towns into co-operation with the state, providing a framework for a more cohesive urban society in other words, partnership and solidarity on a broader base. Towns are already queuing up to sign their contract with the state.

But for "immigrants," there still remains the special problem of racial discrimination. Noticeably, the younger generation of Arabs (and Turks) wants to integrate. There are those who have turned towards modern fundamentalism but the vast majority want to belong in France, and think this not just possible but inevitable. You meet none of the pessimism that is so often a feature of conversations with young British Blacks and, increasingly, with Asians growing up in Britain. But integration is not exclusive. "I've opted for French nationality," said a girl in Les Minguettes, "but it's not a question of being either French or Maghrebine. I'm both." She added with a wicked smile "... as and when it suits me."

Despatches

It's cold in them thar hills

David Owen braves temperatures of 50 below to frolic at the 10-day Sourdough festival in Canada's Yukon

UP HERE, 450 miles south of the Arctic circle, they regard the greenhouse effect as a peculiarly un-Canadian phenomenon. This frame of mind derives from the fact that the Yukon - that mountainous, triangular swathe of Canada to the east of Alaska and about the size of France - has been buffeted by its severest winter for many years.

In a region which is not blessed with the most convivial of climates, this means suffering four weeks at a stretch with temperatures down to minus 50 deg C or lower (excluding the wind-chill factor). It means driving home at the end of the day with tyres frozen rigid. It means experiencing a tickling sensation in one's nostril on inhaling, as the cold air causes one's nasal hair to congeal.

Seldom can Yukoners have looked forward with more intense longing to their midwinter frolic: the 10-day Sourdough festival, their annual excuse to let down their hair and keep each other sane. And let down their hair they do. The entire female population seems to be attired in figure-hugging turn-of-the-century outfits, harking back sentimentally to the glory days of the Klondike gold rush when men were men and Dawson City was the largest Canadian township west of Winnipeg.



booze, gluttony and scatology - are entered into with a whole-hearted exuberance. Selected highlights include a four-packing contest in Main Street, sessions of clabbage - a complex local card game in which anyone turning up a card of the fateful suit is compelled to imbibe a beverage - and a hairy leg competition for women. A troupe of local can-can dancers does the rounds.

The pièce de résistance for the uninitiated, however, is the start of the 1,000-mile Yukon Quest dogsled race with which the festival opens. This annual trek through the wilderness from Whitehorse to Fairbanks, Alaska, must rank among the world's supreme tests of sporting endurance. The noise as (watching my step) I approached the dog lot, where contestants and their 11- or 12-dog teams were gathered before coming under

starter's orders, was quite extraordinary. Like apprentice coyotes, 500 red-blooded husky crossbreeds, their feet swathed in protective blue and orange booties, yapped and bayed in their impatience to get on with the race. From time to time some leapt vertically 3 ft into the air. Their drivers, or mushers, meanwhile paced nervously up and down in the shadow of their pick-up trucks, or kissed their loved ones goodbye.

All were prepared to spend the next 12-14 days on the move or camping rough in one of the most hostile environments known to man. By way of equipment, the 43 starters (five of them women) carried just a sleeping-bag, an axe, a compass, snow-shoes, food for the journey and (shades of America) copious promotional material. Their lightweight sleds, sponsored by the likes

of Tubal Tanning and Ron's Custom Farm Service, looked pathetically inadequate for the task ahead. As with an east-iron constitution (taller, leaner, slimmer and prostate problems caused by the constant juddering are not uncommon), competitors must possess well-honed survival skills and an elementary knowledge of veterinary science.

It also helps to be a certified insomniac. "How much sleep will you get between here and Fairbanks?" I asked Fred Jordan, one of the favourites, during his pre-race preparations. "Nearly nothing," the laconic musher replied. As the teams sped on their way, like pursuit cyclists, at two-minute intervals across the freshly-laid snow, race compare Doug Bell offered spectators brief pen-portraits of each competitor. From this, it became clear that just as Miss World contestants are professional models whose ambition is to travel, dog-mushers tend to be trappers or pipeline workers with a desire to design and build a superior racing sled.

While welcoming visitors from the neighbouring Northwest Territories, Bell also hinted at a slightly more serious purpose underlying the week's good humouredly zany activities: that of reinforcing northern kinship. "This would be a good time to cut that string that holds us to the rest of the people south of us and form our own country, wouldn't it?" he hazarded. The crowd chuckled and roared its approval.

A collection of travel advertisements including: AFRICA (Flying Boat Safaris in Africa), MAY SAFARI BARGAIN! (Shtracks), ICELAND, GREENLAND AND SPITZ BERGEN, REGENT, CANARY ISLANDS, VILLAS IN FRANCE & SPAIN, BLAKES FRANCE, VILLA RENTALS, TURKEY A LACARTE, and others.



TRAVEL

# The undisputed mistress of the Booriganga river

Kevin Rafferty falls prey to the charms of an ageing paddle steamer in poverty-stricken Bangladesh

**I**T ANNOUNCED its arrival with a hooter blast that rent the air - as clear, as demanding, as majestic as a rehearsal for the Last Trump. It repeated the sound and the constant hum-bub all around was drowned and stilled in awe. Smaller fry scuttled to get out of the way. The Rocket had reached the quayside.

To a fastidious westerner, used to gleaming pristine yachts, The Rocket is more impressive when heard than seen. The blast from her hooter might awaken the dead, but the grubby unkempt physical appearance of the clearly ageing paddle steamer would cause caring seafarers to turn in their graves. The vessel shows its age. She is swollen with passengers, grimy from constant work and painted a dingy yellow.

But The Rocket is the mistress of these rivers, and a voyage in her is the best way of exploring the largest delta region in the world. Do not expect luxury. This is Bangladesh, a teeming land of 116m people squalid-packed into an area smaller than England and Wales - poorest country on earth apart from war-torn pockets like Cambodia, Chad and Ethiopia.

Sarder Ghat on the Booriganga River in old Dhaka is where the meandering 24-hour, 210-mile (330km) voyage to Khulna starts, and offers a good introduction to the problems of Bangladesh. It is not only an eyesore, but a nosedore and earsore.

The scene is like a huge boil swollen with pus from which human beings emerge. But if you can somehow ignore the skeletal poverty, the constant jolting and thrusting of crabbed hands of eight-year-old kids and crippled crones who look 80 but must be 40, all begging for "baksheesh" (tips), the raucous cries of the kaleidoscopic marketplace, the stench of rotting vegetables, the cawing of blooded scavenging crows - then it is a fascinating sight.

This is the port in the heart of the capital. Since Bangladesh is riverine, many of its goods arrive here, bananas in all hues from emerald to bright yellow, coconuts, pineapples, assorted consumer knick-knacks, bricks, cement, steel rods, flour.

They are carried by the heaving and grunting headload from the rickety boats and placed on every kind of transport imaginable, a few wheezing lorries, handcarts, buffalo carts and cycle rickshaws.

Boats of all shapes and sizes litter the brown soup river. A few are motor-powered but most are home-made country boats, from skiffs that look as if they should hold two people but always accommodate 20-

plus a couple of bicycles, to huge laden cargo carriers.

The Rocket dwarfs them all - big enough to take almost 1,000 passengers. There are actually three vessels that share the name. The smallest is MV Tern, which holds 500 passengers by day, 366 at night. The workhorse is MV Ghazi, accommodating 800 passengers during the day, 582 at night. Biggest of all is the PS Kiwi, capable of carrying 950 by day, 632 by night. All three paddle-steamers were built at Garden Reach, Calcutta, between 45 and 60 years ago. The Kiwi grossed 630 tons, a veritable giant compared with anything else around.

No sooner does The Rocket come alongside than hundreds

of somnolent figures spring to life and leap aboard. Most look like refugees from the Slimmer-of-the-Year contest, but all carry bedrolls and a miniature household so as to create a portable home on half a square metre of deck - space enough for a family to live, cook, play and pray. (These Bangladeshis are fervent Muslims who will turn and bow the required five times a day towards Mecca to ask the Almighty's blessing on their threadbare lives).

Each vessel has first-class, second-class, inter-class and third-class accommodation, and walking the lower decks is like trespassing on a crowded alien planet.

Once the vessel has cast off there is an agonising 10 minutes of splashing and splashing as the huge paddle wheels begin to churn and The Rocket steers out the channel in the cluttered river. It is a daily miracle that smaller boats don't get gobbled up.

Away from Dhaka, life takes on a gentler pace. The constant vista is rivers, rivulets and streams, twisting and turning like snakes in an arid, flat green fields and clumps of trees shading simple villages. Navigation skills of a high order are needed to find a way through the watery maze, especially during the monsoon season when a third of Bangladesh's land also falls under water.

The journey is always attended by country boats. All hoist sails that are often more darn than fabric to catch the slightest puff of breeze. Sometimes tiny L.S. Lowry matchstick figures wade in the shallows up to 50 metres in front of a cargo monster, pulling the becalmed boat along.

The Rocket used to leave Sarder Ghat in the morning, but now has been retimed to depart at 17.45. That gives passengers time to peer at the twilight, have dinner and retire for the night. First-class passengers can eat in style in a stately dining room with an imposing old wood table and then sleep in an air-conditioned cabin.



The Booriganga river: an eyesore and a way of life

On the Ghazi, it's a worthwhile experience, but on the Tern the eight first-class berths are too cramped and small. The food is acceptable, even tasty, in the time-honoured manner of Indian Railways. But you should bring your own beer - and water, if necessary.

There is an old story of Bangladeshi passengers travelling first class, insisting on bottled water, but being violently sick the next day. On summoning the steward they were reassured: "Oh yes, sir, we followed your instructions but water from boiler was too hot, so we cooled it with river water." Officials of the government-run Bangladesh Inland Water Transport Corporation insist that the story is apocryphal.

The first-class cabins on The Rocket are normally clean and comfortable, in sharp contrast to those on some smaller private launches. The Rocket is also a disciplined vessel: loading limits are generally well observed, a great comfort in a country where there are hun-

dreds of deaths a year from capsizing of overloaded private ferries. A Bangladesh cabinet minister and I once spent half the night fighting flying cockroaches in a supposedly first-class cabin of a private vessel, armed with an aerosol spray that boasted that it killed any known insect. The cockroaches won.

During the night, the Bangladesh rivers have their charms. The air is still but not silent. Chirruping crickets, grumpy bullfrogs sounding out girlfriends, the growling of other vessels, darting fireflies, water-level lights marking the nets of fishing boats and serving both as a magnet for the catch and a warning to other vessels not to get caught, all indicate a busy nightlife.

In the early hours the silence is rudely shattered when The Rocket arrives at Chandpur with much clanging and banging. Passengers disembark, hawkers try to ply their wares and beggars plead for alms for the love of Allah. Chandpur is a river port, but even in the clearer light of day it seems set

upon a huge ocean. It is the meeting point of the Brahmaputra, Ganga and Meghna rivers.

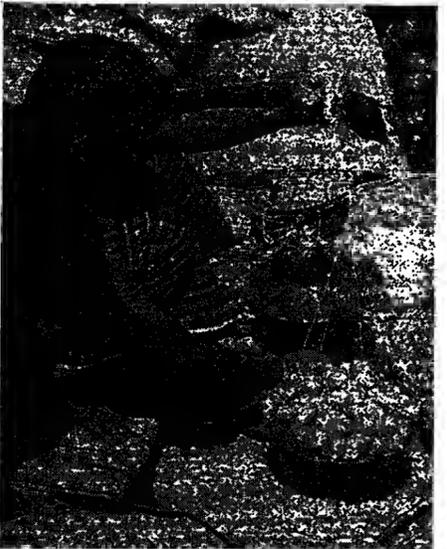
On The Rocket steams, towards dawn and Barisal. On a cloudy monsoon day the dawn creeps up and steals out of a grey sky, but in the clear winter light a Bangladesh sunrise is magnificent. Stivers of grey sky are pierced by a pin-point sun that swells into a huge blood clot. Seen against the fields it looks like the Bangladesh flag, a red ball on a green background. As the sun rises higher and bigger it becomes a giant ball, first red, then a blazing yellow - so bright that you cannot look at it without hurting your eyes. The water mirrors and magnifies everything.

From Barisal, the Rocket steams eastwards to Khulna, Bangladesh's second port, through the Sundarbans. This is mangrove jungle where lives of men and animals are governed by the changing currents and tides. About half of the 60,000 sq kms of deltaic land is submerged at high tide. It is

home of the royal Bengal tigers who claim several human victims each year, and of sharks and crocodiles. But from the safety of The Rocket it is a fascinating, pristine jungle where you would never imagine you were in virtually the poorest country in the world.

Sadly, this isn't a journey that can be enjoyed by everyone. The Ghazi can take only 15 first class passengers a time. The Kiwi now only plies between Dhaka and Barisal. Mr B. Majumdar, director of commerce of the Inland Water Transport Corporation, says that the fares - Taka 448 (about £9) for first class, "less than a fifth of the price of a hotel room for a full day's sitting," and only Taka 77 in third class - do not allow the vessels to make a profit.

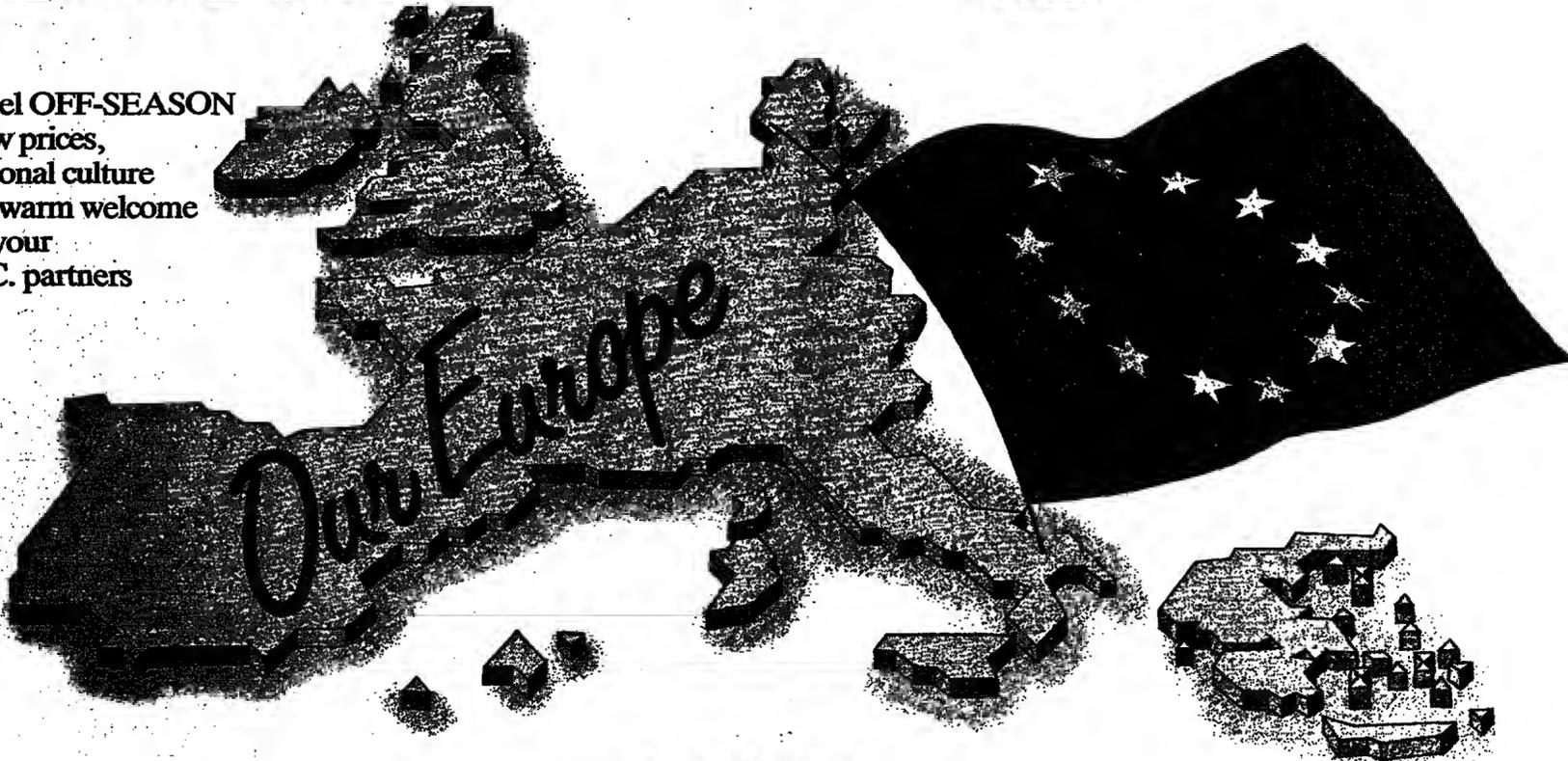
Asked why his corporation does not make a bigger effort to attract tourists who might pay more, he answered like this: "Tourism is the responsibility of the Tourist Corporation. But if you come often enough, we'll keep a separate vessel for you."



A Bangladeshi stall-holder weighs out goods

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TRAVEL

Méribel's heady cocktail mix

ALL HANDSOME, and ostentatiously sporting a stonem hat and cowboy boots, Jean-Yves Lapeyre looks like a minor film star or putative playboy as he grins and glances his way through the French Alpine skiing village of Méribel, greeting holiday-makers here, a tour rep there.

ern vowels mix and mingle nightly in The Pub, a great barn of a drinking house. Ski Cocktail claims to be the only ski school in the country organised as a private company, rather than the co-operative model adopted by the official French ski school or the handful of small ventures set up by individual owners. And it is run on the lines of a serious business, complete with market research, staff training programmes and a close atten-

Cocktail instructors the free passes and priority access to lifts enjoyed by the official French school. Yet forcing students to join long lift queues would be instant death for any ski school.

The aim, he says, was to provide something very different from the official French school, which in 40 years had never faced any significant competition.

At the most superficial level, this is reflected in the instructors' ski suits - in fashionable pastels of pink, mauve and yellow - and the company's brochure, which calculatedly features self-indulgent images of relaxation - a cocktail glass, tropical fruit, palm fronds and snow-capped mountains.



A contrast in styles: a self-indulgent image of relaxation and a grimy intense ski school

The exotically-named Ski Cocktail is a school aimed specifically at the non-French holidaymaker. Martin Dickson finds out more

tion to the laws of supply and demand. The business is still very small. This season it is employing an average of 14 instructors - minus when the snow is thin - at Méribel's official ski school. But it has already stirred up some strong Alpine passions.

For Méribel, and other villages like it, are close communities, highly dependent for their income on winter sports. Jean-Yves is seen as an interloper from outside the area, creaming off business from the locals.

near the Jura mountains in north east France, he began skiing at 18 months - "it's as natural to me as walking" and is a man of restless energy and supreme self-confidence. He was meant to go to business school, but instead took up ski instruction, coming first to Méribel when he was in the air force, teaching Canadian air-

trating shouting matches in French across icy slopes as a night or a snow-storm gather. Moreover, classes can be very large, and that can mean that the weakest members, left at the back, get precious little attention, merely mimicking the mistakes of those immediately ahead of them in the skiing crocodile.

He also markets his business furiously. He says he has links with 33 out of more than 50 tour operators in the village. And he stresses the skier must go in person to the official school to book lessons with it. Ski Cocktail comes to the holiday-maker's chalet to take orders - using walkie talkies, linked to its office, to prevent double bookings. Group lessons cost 10 per cent more than the official school, but Jean-Yves argues that, having paid so much to get to the slopes, people are not going to cut corners with their instruction.

mistakes more easily, and any client can hire a cameraman to take a 20-minute film of their exploits on skis, calculated to bore the neighbours back home.

Where to now? He wants to remain a niche player, concentrating on foreign visitors, rather than aiming for the wider French market. "I'm not a supermarket, I don't want to do supermarket business." But

he is investigating the possibility of children's classes and a move into neighbouring resorts, notably the much larger Courcheval. And that would mean a lot more ruffled local feathers.

DOWNHILL SKIING has never loomed large in the Soviet Union's list of sporting priorities. The entire exercise had an altogether too capitalist, individualist ring. It was the game of the little rich, not the proletarian poor, so it was believed.

splendid ski resort have been established thanks to the unlikely combination of Austrian capital and construction, the irrepressible entrepreneurial spirit of the Georgians, and the mediation of a Hungarian hotel team to liaise between Communism and capitalism.

unappetising meals, according to its occupants. It is also a huge marketing challenge: to find enough adventurous capitalists willing to brave the potential rigours of Soviet travel to justify the expense of luxury living, not too many miles from the site of the Armenian earthquake.

lift at Bakuriani, because there were such huge queues. You would go up just once, and then find yourself at the back of the queue. We said to hell with this. Let's make our own portable ski lifts.

resentment that you can't get a place in Sochi (on the Georgian Black Sea coast) without getting in touch with Moscow," Skhirtladze said. "We wanted our own resort."

pool with plate glass windows looking out at the Caucasus peaks, sauna, jacuzzi, indoor tennis courts, bowling alley, and even a billiards room.

staff to hammer home Western hotel standards. "The most important thing is change the mentality that we are serving people, not dead machines."

tains the political pressures of a Soviet public increasingly demanding decent conditions under perestroika - and in Gudauri seeking them, reserved for the visiting capitalists.

Sport for the rich - in the Soviet Union

Quentin Peel finds a smart hotel, wide open-ski slopes and no queues for the lifts in the Caucasus

Anyway, the ski lifts seldom worked. So it is all the more startling to find, in the dramatic setting of the Caucasus mountains on the border between Europe and Asia, a tiny oasis of the rich man's sport. Not only that, but it boasts the ultimate diversion for the wealthy fanatic: heli-skiing from the mountain peaks.

And it also has ski-lifts that work. The place is called Gudauri, a humpy two-hour bus ride north of Tbilisi, ancient capital of an independent Georgia. There the beginnings of a

But the exercise is far more than the creation of just another smart hotel. It is a highly sensitive political venture to cater for pleasure-seeking Western tourists in the middle of Soviet discomfort. Just up the road are the same miserable old conditions for Soviet citizens - a decaying hotel, often without heating and usually boasting the most

But it is a long way from a simple schlep to a full scale resort. One driving force was the Georgians' desire to set up their own venture, away from the controlling hands of Moscow. "There is a lot of

The hotel opened officially last April, and there is no doubt (even allowing for the easily impressed eyes of a Moscow resident) that it is very much up to Western standards: a glistening swimming

But the other huge problem is the world outside. Everything from the ski-lifts to the telephone service; transport links, and the hot-rod road to Tbilisi, are Soviet-run.

not to close the ski lifts on Mondays, and not to shut down for two hours every lunch time," according to Walker-Chester, whose American Tourism Consultants is the joint venture partner. Not only that, but the world outside also com-

For the time being, however, it means that the few who have the journey will have the place for themselves. While open ski slopes are rare, the hotel does, and guests for the lifts which never last more than a couple of minutes.

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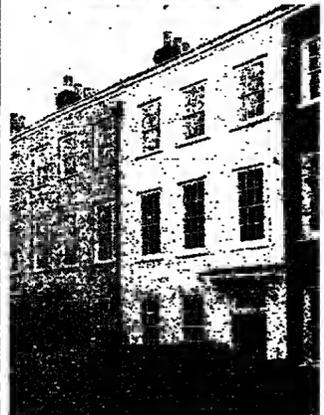
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**BEVERLY HOUSE, PARK ROAD, NWS**

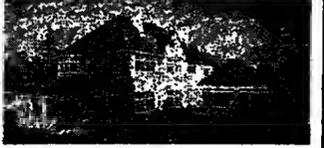
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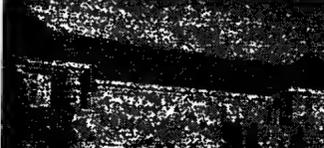
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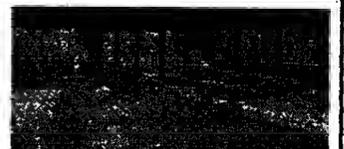
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PROPERTY

**Saved from the horrors of house-hunting**

**L**EE UPHILL'S experience of moving house will spark echoes of recognition from many people trying to buy at a distance. "In my case," she says, "the family was shipping in from overseas, and estate agents' material on its own is not a great deal of help to people moving into a totally unknown area."

Even though she comes from an army family with "30 years' practice of moving," the experience of buying a home in Somerset from abroad turned into a protracted headache. "These days, Lee Uphill spends her time trying to save other movers from hitting the same problems."

A couple of years ago, she set up the Countrywide Properties Relocation Service (0822-4541) which she runs from her home in Kingston St Mary, near Taunton. That is on the western frontier drawn along the M4/M5 motorways and for people making a move from town or suburbia into rural country.

Most of Uphill's clients are, then, in the same position as she was when she moved. They can either invest their weekends for month after month travelling down to the West Country to follow-up all the

leads generated by local estate agents, or gather a pile of agents' particulars and try to cover the area in a few concentrated house-hunting raids.

Apart from instructing a relocation agent to house-hunt for them, their only other option is to appoint an estate agent as buying adviser and trust it will turn up suitable properties - not just those on its own books.

There is still considerable suspicion of sales agents who do take on the role of seeking out properties, advising buyers on price and negotiating the deal for them. In fact, a good local agent is likely to be the best possible ally for a buyer from outside an area, and an extremely cost-effective adviser when it comes to handling a purchase. But this is a case where the facts run counter to the general assumption that sales agencies really know only about that one side of the deal.

In any event, whether it is prospective buyers' reluctance to trust a sales agent with a buying instruction, or the agents' own reserve about broadcasting what is normally a less profitable service than sales, the relocation businesses are driving, with increasing success, into this gap in the market.

And, as Lee Uphill's experience illustrates, finding the right property involved a deal which more than saved clients the time taken touring the estate agents' offices.

"You have to listen to what they say they want they really do want. Even when you have someone with quite specific requirements about the size

*As John Brennan discovers, paying a relocation agent to do all the hard work can take the headaches out of buying from a distance*

edge of town might be more appropriate."

Dreams of a rural retreat can cause particular problems for long-distance commuters. "When people do move, we can arrange coffee mornings to meet the neighbours, help get a local cleaning lady and the things that help to get you settled into a new area. But it can be tough for a wife who is left at home in the week if she doesn't get involved in the local community, and there are some people who you just couldn't see joining the WI (Women's Institute) and taking

an interest."

As with most relocation businesses, it has taken time for Uphill to convince estate agents in her part of the country that she is filtering business in their direction rather than stealing their trade. "There are still a few agents who don't exactly race to help her up to date with the properties on their books, but the rest see the logic of giving early warning of properties that might appeal to a relocation client."

And since so many of the people who moved into the country during the 1980s have never stopped looking for an opportunity to trade-up to a "real" country house, incomes still face competition for every good period property that comes on offer.

Part of the job, as Uphill sees it, is to give clients the wants-and-need information they need to decide on a property. Sales agents spend their time photographing buildings in a way that does not draw attention to the electricity pylons marching across the back garden, the farm silos leaning against the side wall, or the skid marks from a mantic race of gravel trucks that thunder by inches from the front porch. Relocation agents get paid to save

**Going East to sell West**

A RESIDENTIAL sales office in Hong Kong for £2,600 a year sounds like a bargain to John Parker. He's hoping that several dozen other agents will agree and join in his latest sales marketing scheme, the East West Partnership.

Parker's exuberant sales drives among the expatriates and the Chinese business communities in Hong Kong has made his agency, Brian Lack & Co., one of the first to which residential developers turn when they want to attract Far Eastern buyers. Over the past three years, the agency claims sales of nearly 400 properties with a capital value of £50m through its office in the Central business district near the Hong Kong Hilton.

Now, in addition to selling properties, Parker is selling access to the sales outlet. If the idea catches on, he is also planning sales offices in Japan, Taiwan and the Philippines.

across the Channel, initially in Paris but eventually across the European Community.

"The first time that I went to the Far East to sell, I made so many mistakes that I'd have been better off not getting on the plane," says Parker. "But you get to learn the ropes."

The East West project would save other agents from struggling up that learning curve by enabling them to have properties on their books displayed in the Hong Kong sales office, advertised in the *South China Morning Post*, and included in public relations and marketing campaigns in various outlets in the Far East.

In practice, member agents will pass property details to the partnership's listings computer, and anyone who takes an interest in one of the properties will be put in contact with the member agent. There are no fees beyond the annual membership charge, pitched at £2,500 a year for agents outside

London with £650 for each additional office. London agents are being invited to pay £3,000 a year, with extra offices at £850 a time. Once an agent joins, no other agency with an office within a mile radius will be allowed into the network.

Given that Far Eastern buying interest has tended to concentrate upon central London investment properties, why would a provincial agency be interested in having even an arms-length office overseas? Parker points out that the Chinese "buy property wherever there is a Chinese community, and every town that has a Chinese restaurant has a Chinese community."

On a more pragmatic note: "If every member of the East West Partnership picked up a sales instruction or two because they have a Far East office, they'd have paid for their year's membership."

J. B.



DESPITE BEING in need of complete modernisation, a price of £2m is being asked for this house on a 70-year lease at 1 Upper Phillimore Gardens, London W8 - near Kensington High Street. Details: Chesterfield & Co., 186 Walton Street, London SW3 (tel. 01-581-5293).

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PROPERTY

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John Brennan explains the attractions of the Emerald Isle

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Fall in number of repossessions

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A Jackdaw's view of St Peter's Church, Islington, which has planning permission for conversion into 19/22 flats

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GARDENING

Take care of spring bulbs

THE BULBS on sale now are far more varied in their cultural requirements than those that are planted in the autumn. A much greater proportion are partially tender, and so in need of some degree of protection, at least until mid-May. Many are not bulbs at all, botanically, but are corms, tubers or rhizomes which, like bulbs, store sufficient food to be kept dry for quite long periods and so can be marketed like bulbs.

complete contrast are the excellent non-stop begonias, also with fully double flowers, in all the cheerful begonia colours but no more than 3 in. across and produced in succession for most of the summer.

These are the ideal begonias for planting outdoors, or to be grown in window boxes or other plant containers. There are also pendulous begonias with long, flexible stems that can hang out of suspended baskets.

Whatever the purpose for which they are required, begonia tubers need to be started into growth in a light, frost-proof place. The most convenient way is to fill a seed tray with moist peat or peat potting compost and bed the tubers into this, dome edge downwards and almost shoulder to shoulder. If kept moist in a temperature of 16-18 degrees C (60/65 F), they will soon begin to form leaves and roots. Then, they can be potted singly and be either grown-on under glass until the autumn or acclimatized gradually for planting outdoors in early June.

"NOT MANY MEN SAY IT WITH TUBERS, NORRIS."



flower. A covering of 2-3 in. of soil will provide all the protection they require. What might be more puzzling is to decide where to grow them, since their conspicuous flower spikes do not last long.

The much smaller tubers which are now on sale in those enticingly illustrated plastic bags are a totally different matter. They have not the reserve of strength that are in the old tubers and are much more likely to be destroyed by slugs. To avoid such disasters, it is essential to start these small tubers in pots in a light, frost-proof place. A greenhouse is ideal but a sunny window ledge will do.

Arthur Hellyer

Summer's essential guide

Robin Lane Fox on the old-fashioned, the unusual and the odd

Sundays again: summer is coming eventually and there will be putting in Somerset, safari rides in Suffolk and a small exhibition of Mrs Jewett's botanical paintings at West Silchester Hall.

Summer also means gardens. Last week, my colleague Arthur Hellyer discussed some aspects of the National Gardens Scheme as contained in the latest edition of Gardens of England and Wales, the official yellow-jacketed guidebook to them all. Every year, it is the necessary companion to an English season, and I bless it.



At Bussage, near Stroud, a "small garden on housing estate is devoted largely to plant breeding experiments, including a white foxglove mutation and a new pansy cross." At Pound Hill Farm, West Kingston, Wiltshire, Mr and Mrs P. Stockitt are living up to their name and offering a "very extensive plant sale from adjacent nursery with 2,000 varieties."

nursery down in Exeter is included in the entrance price). Are fashions changing? There were no national plant collections 15 years ago, but now you can spend a Sunday looking at the plants of Prunus subhirtella, gathered into one garden.

There is more about bees and butterflies (one owner promises dragon-flies); and in the less favoured counties, there are some heroic mentions of "gardens made from field since 1976" or "over 300 trees, planted since 1969."

At Peover Hall, in Cheshire, there will be "dogs in park only and the share of the gate money will go to 'Over Peover Church Monuments Restoration Fund'."

Country Note Humble rooks that brought terror

sudden communal flights across the village from their colony in some cedars by the pub to an outpost in some lime trees, just beyond the old rectory.

old rhyme says: Sow four beans as you make your rook. One to rot and one to grow. One for the pigeon and one for the crow.

A friend in the village recalls vividly an occasion when his father came home with some dead rooks from a nearby shoot. Having prepared them for cooking, her mother took the disused legs, necks, backs and wings outside, intending to bury them in the garden.

LONDON PROPERTY

ATTENTION ALL ADVERTISERS WE ARE MOVING HOUSE NEXT WEEK! From 20.3.89 if you wish to place an advertisement in the Weekend FT Residential Property Pages, the new telephone numbers will be as follows:-

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MOTORS

The General's Cadillac steals the show at Geneva

MOTOR SHOWS are not just about the cars you can buy from your friendly neighbourhood dealer this week...

Ford shows a town car that calls to mind the story (sworn to be true) of the Pranglia. This was a car that came off the assembly line at Dagenham many years ago...



Left: General Motors' idea of a very high performance coupé of the future. The 6.6-litre, V-12 Cadillac Solitaire looks as streamlined as the Concorde...

For once, the US has left Japan trailing, says Stuart Marshall

The engine is a 6.6-litre, 45-valve V-12, developed jointly by GM and Lotus. Its 430-horsepower and massive 470 lb-ft of torque...

There is no mistake about Ford's Urba, making its Geneva debut. It is deliberately asymmetric, derivative of the new Fiesta...

The idea is to make driving safer, not faster, although its top speed is claimed as a respectable 127 mph (204 km/h). Its handling, especially in slippery conditions, is said by those who have tried it to be world class...

The GTI 4x4 goes on sale in Britain on May 12, by which time I shall have had a chance to see for myself how good it is.

Also on the Mitsubishi stand are a nice looking five-door Galant coupe and a luxury version of the Shogun on-off road estate car with a three-litre, V6 engine.

last Daihatsu medium saloon. Honda's stunning mid-engine sports car, codenamed NS-X, made its debut last month at the Chicago motor show...

driveability in slippery conditions. This is important. A thin covering of snow is enough to bring many a two-wheel driven super-sports car to ultra-high speed tyres to a standstill.

through a six-speed manual gearbox. Top speed is not quoted, but the low-slung, fat-tyred and most luxuriously furnished Omega is said to leap from a standstill to 62 mph (100 km/h) in under six seconds.

IN 1968, an international master and chess computer expert, David Levy, made some sizeable bets with academics that no computer would be able to defeat him in a match within 10 years.

Chess is the brainchild of former world postal champion Hans Berliner, and its particular success lies in its use of "pattern recognition" - acquired chess knowledge - and of a new idea called "singular extension"...

he had allowed the sacrifice, thinking it unsound, but missed White's 13th after which "I knew I was dead." The grandmaster was a considerate opponent, even shushing noisy spectators because "Hibsch's thinking"...

distinctly humanoid: White accepts an opening gambit a shade prematurely (better 10 N-QB3) and Black gains active piece play.

Chess problem section with a diagram of a chessboard and text: PROBLEM No. 763 BLACK TO MOVE. Includes a list of moves and a solution by Leonard Barden.

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Racing Ahead IWR JAGUAR advertisement listing various models and prices.

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PERFORMANCE CARS advertisement listing various models and prices.

Advertisement for Hexagon Classic Cars listing various models and prices.

Advertisement for Hexagon Classic Cars listing various models and prices.

BOOKS

TO MEET William Plomer at a publisher's party you would have thought he was one of the mildest and most equable men imaginable. There was something distinctly "old world" - dare I add "old maid" - about his unflinching courtesy, his easy flow of conversation, his resonant, booming tones, like that of a leading actor in the days when perfect diction was a prime requisite of the profession. To which should be added his handwriting, he abhorred the telephone, and dealt with all arrangements by letter. A great many specimens of it survive.

Now, from an admiring but completely frank biography, we may discover what he was like deep down beneath this deliberately cultivated mask of urbanity. He was homosexual, and he was brought up as a boy in South Africa by English parents, though educated at Rugby. These are the salient facts. He adored his mother, who was of delicate health, with as much passion as he hated his explosive rough diamond of a father.

As a schoolboy Plomer revealed uncommon ability both academically and in creative flair. As a young man back in South Africa he first tried farming, writing poetry and drawing sketches of the locals in his spare time. Then he helped his father run the trading-station in a remote part of Zululand on which the family's livelihood depended in the mid-1920s.

Charles Plomer's idea was that his two sons should take it over and build it up into a prosperous family firm. But things did not work out like that. Instead, the younger developed a pronounced hatred of racism, in particular of the way the black labourers were treated by neighbouring farmers, was not cut out for trade.

Frequently he had to travel to Durban on buying expeditions. When he was there he has made friends in bohemian circles. Before he was 20 he had written a number of poems and been in correspondence with Harold Monro about them, and had also written part of a novel. He was only 23 when he cut loose from family ties altogether and moved to Durban to live by his pen.

It was a propitious moment: a new literary magazine, *Voorslag* (Whiplash), whose outlook was in harmony with his own was about to appear. The young Roy Campbell, who had already started to make his

# The man in the urbane mask

Anthony Curtis discovers hidden depths in a biography of William Plomer, man of letters

poetic reputation, was editor-elect. Another young writer of outstanding potential involved in its genesis and who shared their attitudes was a South African newspaper journalist named Laurens van der Post. For a brief but fruitful period these three quite different talents worked together. Between them they edited and wrote most of the magazine.

Plomer, meanwhile, was setting his sights further afield and planning a conquest of the London literary world. He had written to the Woolfs at the Hogarth Press, and sent them his now completed novel of African life, *Tribute to the Great God*, the ill-typed manuscript from an unknown young man was eventually

WILLIAM PLOMER. A BIOGRAPHY by Peter F. Alexander Oxford £25.00, 397 pages

accepted for publication. When it appeared it received rave reviews in London and a ferocious onslaught in the South African press.

This strange, vivid novel which tells of loves between whites and blacks seems drenched in sunlight. It re-creates strikingly Plomer's navy, clarity and power of delineation, his love of Africa and his black inhabitants. Read in conjunction with the foreword van der Post wrote for the 1965 Hogarth re-print, it brilliantly

commemorates this formative period of Plomer's life. After the collapse of the magazine, Plomer and van der Post went on a voyage to Japan as the guests of a Japanese shipping company, after which Plomer stayed on as a teacher of English, befriended now by Edmund Blunden.

By 1928 Plomer was back in London, and his exotic years were over. He spent the rest of his life in England, either in London or in Sussex; he moved to Rustington in middle age, and then, when that pretty seaside town was "developed," to Hisscock.

Such adventures as he had were confined to the gay bars around Knightsbridge and Victoria, a seedy, sordid, twilight

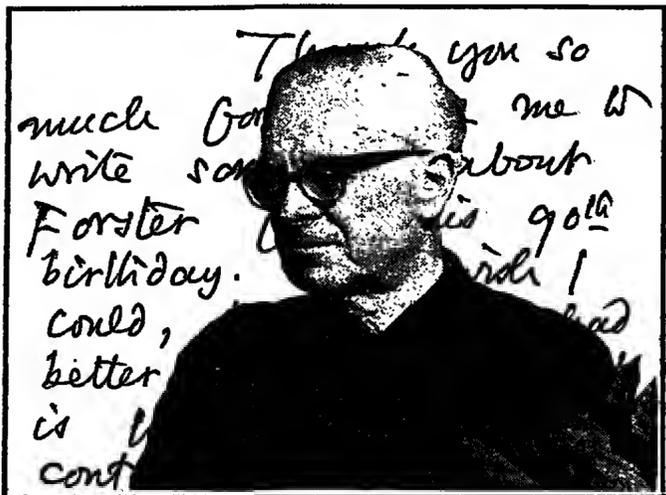
pre-war world familiar to readers of J.R. Ackerley's memoirs. Plomer, who like Ackerley had a seemingly insatiable appetite for one-night stands with rented male lovers, became a close friend of his.

Plomer's casual amours seem marginal beside his career, which was always pursued with an admirable energy and commitment. He was a success in all but the commercial sense. His one moderately best-selling novel, *The Case is Altered*, is set in a London boarding-house. The Jewish landlady has her throat cut by her husband in a pathological fit of jealousy. It was based on events that occurred in Plomer's own lodgings in Baywater. The slow build-up to the horrible climax is observed with curiously cold detachment by the narrator. That same detachment that you find in Plomer's poetry, in particular the later crucial ballads, *The Dorking Thigh* and others.

Plomer combined these creative efforts with the busy life of a professional man of letters; reviewing, lecturing, broadcasting, committees, judging, and serving as a literary adviser to Jonathan Cape in succession to Edward Garnett from before the war until his death, regular employment broken only by his work in naval intelligence (with Ian Fleming and "M") during World War Two.

Among Plomer's discoveries for Cape were Fleming's first James Bond book, which Plomer persuaded them to publish much against Jonathan Cape's judgement, and *Kilbert's Diary*, which he lovingly edited himself from 20 handwritten volumes. Plomer also had a huge circle of acquaintances in the literary world, some eccentric lifelong companions like the dilettante Anthony Butts, whom he portrayed in a novel, *Museum Pieces*, and many distinguished friends. Stephen Spender, Elizabeth Bowen, E.M. Forster, Rupert Hart-Davis. The intermittent appearance in the biography of such people considerably enlivens it.

Another friend, late in life, was Benjamin Britten, for whom Plomer wrote the libretto *Gloriana* and *Curlew* among other works. Like Britten, Plomer had a creative fascination with the unexplained presence of evil and violence in an otherwise cosy, insular, domestic ambience. Alexander's carefully researched and readable biography helps to explain how this came about.



William Plomer, an old-world man of letters

# Whip who kept his party from cracking

Joe Rogaly on the parliamentary memoirs of Edward Short, a pillar of the Wilson era

WHIP TO WILSON: THE CRUCIAL YEARS OF LABOUR GOVERNMENT by Edward Short Macdonald £12.95, 291 pages

IF THE leader of Britain's Labour Party, Neil Kinnock, does by some miracle win the next election, he will certainly do so by the slimmest of majorities. Even that would be a comparatively greater feat than Harold Wilson's in 1964, since Kinnock starts from a worse position in the opinion polls than did the now Lord Wilson of Derry.

Lord Wilson began 107 seats behind the Tories and ended 13 ahead of them, but his Government's majority over all other parties, including the Liberals, was five at the start and three after a disastrous early by-election. If the Tories had not been willing to fill various non-voting Parliamentary offices, there might have been no majority at all.

What would Kinnock do in similar circumstances? Like Wilson, he could decide to live dangerously and press ahead with a display of aplomb. Much would depend on the Conservatives: in 1964-65 they wanted Labour to survive because they were pre-occupied with their own internal leadership election.

This account of the work of Edward Short (now Lord Glenamara) as Government Chief Whip from 1964 to 1966 would be an engrossing read for any successor faced with similar circumstances. There is much about Parliamentary business, Commons tradition, the use of the "usual channels," and secret strategy wallboards among other things. Like Wilson, Short was a day and night.

The job was to keep the Labour vote solid, even when difficult members such as



Edward Short, now Lord Glenamara

Woodrow Wyatt and Desmond Donnelly threatened to rebel over the nationalisation of steel. The Chief Whip did his best, but it is also apparent from Lord Glenamara's narrative that higher authorities - George Brown? Harold Wilson? - thought it prudent to make behind-the-scenes arrangements with the Tories and the Liberals.

Meanwhile, the book should be stored in the already well-stocked shelf of memoirs by former Labour Ministers. This one is unfavourable to Richard Crossman and George Wigg and mixed about the famous Maria Williams, who became Lady Falkender. ("... she served an invaluable purpose in No 10. She debunked the Prime Minister whenever she felt he needed it.") It is nicer about the than Anthony Wedgwood Benn than any of them.

# A demagogue alone

SIMON SABIANI was a demagogic Corsican immigrant who became the Tammany Hall-like boss of Marseilles during the early 1930s. Sabiani's motley pre-war collection of immigrants and frightened bourgeois joined with Jacques Doriot's fascist Parti Populaire Français (PPF), and came to work closely with the Nazi administration in occupied Marseilles, chasing resistors, saboteurs and Jews.

Professor Paul Jankowski of Stanford University in the US has given full play to the drama of the subject without compromising scholarly standards. Though historians have been arguing about the peculiar nature of French fascism for many decades, they have previously neglected the kind of socio-economic enquiry common to studies of German and Italian fascism.

Instead, they have concentrated on the leaders of the so-called fascist organisations and analysed their ideas for purposes of definition and explanation. Jankowski has abandoned this ideological approach and looked instead at the local and provincial roots of one of these movements.

Sabiani built up his following in "Marseilles Chicago" through a system of favours granted in return for votes. The fourth canton of Mar-

sailles, with its mixed population of Corsicans and other immigrants as well as impoverished French, was the natural base for a man familiar with the clan politics of Corsica. Sabiani, whose whole life was politics, provided the sole rallying-point for his followers; *Sobianisme* was basically a system of clientage without an ideological base.

The backbone boss of Marseilles was to change his ill-defined political coat many times, moving from extreme left to extreme right in order to avoid extinction and survive the changing pattern of politics in the mid-1930s.

Under Vichy, the PPF, with its Salabianite following, turned strongly pro-Nazi and from November 1942 until August 1944, Sabiani emerged as the most important collaborationist leader in Marseilles, acting as mediator between his followers and the public authorities.

In 1944 the Allied victory drove Sabiani into German exile; former clients and friends who remained in Marseilles became the victims of local vengeance, or were tried by the Cours de Justice, estab-

lished to bring order into the post-war judicial process. The PPF's more militant members were severely judged; members of the party's passive majority were let off lightly. Sabiani, who fled to Italy, was condemned to death in absentia.

Unfortunately Professor Jankowski provides relatively little information about Sabiani's

COMMUNISM AND COLLABORATION: Simon Sabiani and Politics in Marseilles 1919-1944 by Paul Jankowski Yale University Press £25.00, 288 pages

years in exile, first in Buenos Aires and then for a short time in Barcelona, before his death in 1956.

Sabiani's story has a life of its own which goes beyond the study of fascist politics in Marseilles. What is fascinating about this book is not just the portrait of Sabiani, but the reconstruction of the lives of his supporters.

Sabiani's early clients were wild and unruly, with a heavy Corsican and lower-class reputation. In the alliance forged with the PPF, the social centre of gravity rose from unskilled and skilled workers to the ranks of the bourgeoisie. Yet even then there was little "fascist" about the Sabianist core of the PPF, despite its leaders' railings against communists and Jews. Sabiani thought Vichy "too soft" (the dislike was reciprocated) and abandoned Pétainism for an ultra-collaborationist stand.

Still, the social basis of the PPF hardly changed in these early Vichy years. Two-thirds of its members had joined before the war; the party continued to be dominated by its middle-class membership with a large percentage of functionaries, the perennial Sabianists.

After 1942, an influx of the young, unemployed, and ethnically patternless, transformed the party. The functionalist element almost disappeared. The new recruits joined to avoid work in Germany, because they had offended against the law or because they needed employment. They were a group assembled by extraordinary circumstances and united only by ordinary greed.

The old leader, increasingly torn between wishing to serve the Nazi occupiers in all ways possible and his dislike of the bloodshed and torture these activities involved, tried by individual acts to protect his older followers, but the PPF became increasingly marginal and more violent and left Sabiani behind. Somewhat surprisingly, Professor Jankowski estimates that less than 1 per cent of the total population of Marseilles was actually collaborationist.

Perceptively combing the extensive core archives, Jankowski shows the degree to which PPF membership and collaborationist action was determined by practical considerations rather than by principles of any kind. The worst elements among the political marginals who had always flocked to their undiscriminating champion came to the fore during the Nazi occupation. But the Sabianists never constituted a real political party; their pseudo-fascism was never an articulated ideology. Only their loyalty to Sabiani was real.

This study of grass roots politics in Marseilles is fascinating in itself and an important corrective to existing studies of French fascism. It is well worth reading.

Zara Steiner

# Biggleswade bounder

JONATHAN Peter Fixx, the narrator and self-styled hero of Terence Rattigan's first novel, is a sparkling creation, a bounder in the honourable English tradition of Fishman and Captain Gtmes. He is a wide-boy from Biggleswade, a yuppie before his time, a relentless go-getter and self-promoter of a type that has prospered more than somewhat in the past 10 years. A parasite for one time perhaps, but a good laugh along the way, with plenty of entertainment thrown in.

Born in 1936, son of an alleged war hero, Fixx, like Byron, was a superstar before puberty. He lost his innocence to his nanny at an early age, saw to it that she was sacked, and then he was sacked himself, and has believed since. Packed off to the army school at Melton Hall (the author was himself at Wellington, and makes a good joke of numbering James Hunt and Jeffrey Archer among his alter ego's contemporaries), Fixx is soon running a brothel in the school Planetarium - an enterprise that only goes wrong when half the sixth form come down with an embarrassing social disease.

Fixx burns the Planetarium to destroy the evidence (accidentally incinerating the school groundsman in the process) and leaves school under a cloud to become a gangster in the Soho of the late 1950s. He makes friends with the Kray brothers, gets Dominic Kray's girlfriend pregnant, and casually passes the blame on to a man named Richard - from which it is but a short step to pop promotion, property-dealing, a country estate, an aristocratic wife and grudging acceptance by the Establishment. Fixx has arrived, the common man made good - like so many of his kind in the real world.

It all goes wrong in the end, of course. One of Fixx's medical research companies experiments with a deadly virus in Africa, to be used against the Communists, makes in MIS. The virus works best on homosexuals, and is accidentally transported to America via a promiscuous airline steward with a lot of gay friends in Green-

wich Village. The rest, as they say, is history, although Fixx manages to cover his tracks so carefully as never. He is a splendid character, thoroughly disreputable, a villain in every sense of the word. We must see more of him in the future.

Disreputable too are the four apparently genteel ladies who live upstairs in Barbara Comyns' *The House of Dolls*. They are all of a certain age, well past their prime, with fanciful memories of a grander England in which servants still existed, horses were there to be ridden, and rent was something you collected from the

FIXX by Terence Rattigan Bloomsbury £12.95, 253 pages

THE HOUSE OF DOLLS by Barbara Comyns Methuen £11.95, 270 pages

SOMETHING IN THE AIR by Emma Lathen Simon & Schuster £11.95, 270 pages

QUICKSAND by Louise Hyde Harvilld £9.95, 243 pages

tenants, rather than had to pay yourself.

The ladies have fallen on hard times, in short, and have responded in various fashions by setting themselves up as prostitutes, albeit discreet ones. They entertain their gentlemen callers upstairs, in the consternation of their landlady, a retired skivvy. She lives in the basement with her daughter and is enjoying a romance of her own with a friendly policeman who comes to help out in the garden. One of the ladies is in love too, with a Putney dentist who would be appalled if he knew what she got up to in her spare time.

All of which makes for a delightful comedy in the finest Ealing tradition. The author pokes gentle fun at the English passion for respectability, and

writes with a clarity and sureness of which *Memorable for* is too much to hope that *The House of Dolls* will ever be televised, in a nation besotted with *Neighbours*, but it would make excellent viewing all the same.

Emma Lathen's *Something in the Air*, her first book for several years, is actually the work of two American ladies who came together a long time ago to write detective stories under a pseudonym, and who have been at it ever since. Old hands will be familiar with their amateur sleuth John Putnam Thatcher, now a Wall Street executive and vice-president of the world's third largest bank. Into his orbit comes Michael Scovill, go-getting boss of Sparrow Airways who needs the bank's money to expand his business into a coast-to-coast operation.

Not all of Scovill's employees agree with his expansion plans. One in particular, a dim but voluble pilot, makes no secret of his opposition to the whole idea. The pilot is found dead, his head bashed in with a Flyways monkey wrench.

Who killed him? The obvious suspects are slowly ruled out, paving the way for a solution which is slick enough without being mind-boggling. But there is a feeling of routine about the whole enterprise, as if the authors have done it all before and are going to do it all again in the near future.

Louise Hyde's second novel *Quicksand* - not to be confused with Nella Larsen's 1920s novel of the same title, currently being reissued - is a masterful tale of life in a remote Suffolk village, as lived in a caravan by a deserted mother and her two daughters by different fathers. Poverty, drink, drugs, rape, a father found dead on the beach, a nuclear power station pumping its radioactive waste into the sea - the author piles gloom upon gloom with never a thought for the susceptibilities of the reader. She writes well enough, but she needs to become much more cheerful if she wants to win a wider audience for her work.

Nicholas Best

# Pangs of conscience

THE 20th CENTURY has had a strong affinity with pessimism. There was once the saying that God had died of shame on the first day of the Somme. Then it was superseded by one that He died in Auschwitz. Thus many novels of our era often have an abundance of misanthropy; the suggestion is that Man is on his own and inherently corrupt, that social change (a.k.a. Revolution) is an evasion, a distraction from that reality.

Patrick Reilly's *The Literature of Guilt* is a study of five novels in an age without redemption. His longest chapter is a discussion of the *locus classicus* of misanthropy - Book IV of *Gulliver's Travels*. Gulliver returns from the country of the Houyhnhnms to meet his family with "Hated, Disgust and Contempt." Swift's invective still has the power to shock, because the fault that lies within ourselves remains recognizable.

From Lemuel Gulliver's self-hatred among the Yahoos, it is a short distance to Winston Smith's terrible insight in Room 101, that he would rather be beloved than be tortured than himself. ("She felt likewise.") Such a revelation of abandonment and isolation is to be found not only in *Nineteen Eighty-Four*. The journey to the interior in Conrad's *Heart*

of Darkness is also discussed, as well as Mann's *Death in Venice* Camus's *The Fall* and Golding's *Lord of the Flies* in each there is a powerful treatment of human imperfection, and imperfectionity.

A Christian (or post-Christian) tension can be found in the polarity between Augustinianism and Pelagianism. The themes are touched on, but the fiction of Anthony Burgess is unfortunately not mentioned.

THE LITERATURE OF GUILT: FROM GULLIVER TO GOLDING by Patrick Reilly Macmillan £27.50, 178 pages

Neither is Article IX of the Thirty-Nine Articles, which attacks the English bent towards Pelagianism. Like Swift himself, Reilly rightly finds that human frailty cannot be an excuse for inaction or willful reactionariness.

So successful is the critic's discourse that the books discussed become secondary to the refracted of their ideas. The subject of how we live - or can live - is explored minutely in too few works. However, acutely these are appraised, the tradition of literary sociology (the study of the meaning of salvation) seems unduly neglected. James Hogg, Flann O'Brien's *The Third Policeman* and the German heresies of Origen are all unmentioned. If 20th century literature is to be the field, the contrasting nihilisms of E.S. Johnson and Robert Musil have much to be mined. Here instead, the moralities of Graham Greene's *The Quiet American* are wasted in a single paragraph about "murderous innocence." Perhaps the greatest omission is Samuel Beckett, whose *Molloy* is, in part, an anguished reworking of *The Pilgrim's Progress*.

Despite these misgivings, and despite an inadequate critical apparatus, this is a very rewarding book. *The Literature of Guilt* is uplifting in a dismal age. But even Beckett was able to observe (in *Molloy Dies*): "... why be discouraged, one of the thieves was saved, that is a reasonable percentage."

Bernard McGinley



This illustration from Prince Henry's copy of Tuccaro's "Trois dialogues de l'exercice de sauter et voltiger en l'air" (Paris, 1598) is reproduced in *Treasures of the British Library* (The British

Library, £35.00), a handsome volume, compiled by Nicolas Barker and members of the curatorial staff, which traces the history of the various collections over the centuries.

SCREAMING BONES by Pat Burden Collins £10.95, 204 pages

A VICTIM MUST BE FOUND by Howard Engel Gollancz £11.95, 275 pages

THE ONLY trouble with creating a splendidly complicated puzzle - as Pat Burden does in *Screaming Bones*, her

# Crime

debut novel - is that, in the concluding pages, you have to do a great deal of unravelling, which can become tedious. Here, the denouement is not exactly tedious, but it does require an abrupt change of pace, a slowing-down. For the rest, the book is rich in enjoyable characters, handsome scenery, and sleek prose. The protagonist, Detective Chief

Superintendent Henry Bessett, is someone we would like to meet again.

So and slaughter in provincial Canada. Howard Engel's familiar private eye, Benny Cooperman, is in excellent form in *A Victim Must Be Found*, and so is his author. The pace is leisurely, there are a number of digressions, but attention never flags and both the crime and the solution are convincing.

William Weaver

INDEPENDENT EDUCATION

Private schools face pressures after the age of plenty

David Thomas reports on why the Government's reforms could intensify competition in wooing students

INDEPENDENT SCHOOLS, by nature suspicious of precipitate change, are facing a novel set of pressures. Their response to these pressures will determine whether the 1980s turn out to be as successful a decade for them as the 1960s.

Meanwhile, curriculum changes in state schools are likely to have an even more direct impact on the independent sector. Independent secondary schools have, of course, little choice but to adopt their teaching to the new 16-plus General Certificate of Secondary Education exam, with its increased emphasis on practical and oral skills, together with course work, over set exams, one of the private sector's traditional strengths.

But most independent schools are also likely to follow the new national curriculum, even though the Education Reform Act specifically excludes them from its provisions. "We are part of a national system of education," explains Christopher Everett, headmaster of Tonbridge School, who followed the passage of the Act through Parliament for the Headmasters' Conference, which represents the leading boys' public schools.

intending to follow the national curriculum will have to change if only in carrying out the battery of tests at ages seven, 11, 14 and 16 prescribed under the curriculum. Everett thinks most private schools will have to set these tests in order to meet parental expectations, since many children move during the course of their schooling between the state and private sectors.

in the private sector. On the surface, the row was about the Common Entrance exam, the means by which children in the fee-paying sector pass from prep school to public school. But the issues raised went far wider than Common Entrance.

stress on rote learning, increasing instead emphasis on practical and analytical skills. The changes would bring Common Entrance more into line with modern curriculum thinking seen in its clearest form in the GCSE.

On more traditional lines," as David Summerscale, Westminster's headmaster, has put it. Another pressure common to the private and state sectors is the increasing concern about teachers' shortages. Last month the Headmasters' Conference warned the Commons Education Committee, which is inquiring into the problem, that the Government has not appreciated its urgency.

to buildings, such as classrooms, which are unconnected with a school's domestic activities. So parents hoping for some respite from the recent steep increase in fees may be disappointed, despite the relative modesty of the 6 per cent pay rise recently awarded to teachers in the state sector for 1989-90. Most private schools usually follow the state sector in increases to their teachers' pay bill, the biggest element of their costs.



PARENTS WHO want to educate their children in the private sector must face the highly expensive facts. The Independent Schools Information Service (ISIS) in its latest review of school fee levels shows that parents are paying, at the median, £2,000 a term for senior schoolboys boarders, with the most expensive schools costing more than £3,800 a term.

than price inflation, averaging 9 per cent a year over the past five years. Most parents rely on paying fees out of the family income. Though salaries at present are rising faster than prices and tax rates are at their lowest levels since World War Two, it is still a tremendous financial burden.

schemes devised and promoted by the school fee specialist firms, using not only traditional with-profits life contracts, but unit-linked and unit trusts, National Savings and deferred annuity payments.

slackening in such financial help. But it seems that more and more people are borrowing against the security of the family home.

interest to be rolled up into the original loan. The need for specialist advice on all aspects of school fee planning is obvious. However, developments in this field could change the nature of these specialists and the services they offer.

commission from the life company or unit trust group on the products sold, the commission being in accordance with an official scale. This commission scale disappears at the end of the year and independent advisers will be forced to disclose to clients the commission received on the sale of a contract.

claims that it does not fear this disclosure. A company representative must make it clear to clients whose products he is selling. His advice and planning must, meet his client's requirements. But the underlying products will be those of his tied company, not necessarily the best in the market.

Shop around to pay those rising fees

Eric Short gives advice on the realities of £3,000 a term and the advantages of houses and grannies

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INDEPENDENT EDUCATION

Millfield is much more than the playing fields of Eton updated

Looking to the future in the shadow of ancient Glastonbury Tor

GIVEN THE choice and assuming you would not have any difficulty finding around £8,000 a year to cover the fees, would you prefer to send a child of yours to Eton or to Millfield? It would depend, among other considerations, on your expectations and ambitions and how you thought each school could match them.

Eton College, founded in 1410 by Henry VI, has produced a Governor of the Bank of England, an Archbishop of York and 20 Prime Ministers from Walpole to Macmillan. Millfield, founded in 1935 by R.J.O. Meyer, has produced rugby internationals Gareth Edwards, J.P.R. Williams, Chris Oti and Richard Harling and Olympic gold medalists Mary Rand and Duncan Goodhew.

That is Millfield's problem. Too many people think it is primarily interested in adding to its already impressive sporting record and only incidentally concerned to provide anything as dull as a good education. The truth is different, as I found on a recent visit.

There is nothing either ancient or cloistered about Millfield. It looks and feels more like a bright new university than a venerable old school. Through the windows of one building you can see an electron microscope and on the wall of another a satellite television dish. The campus, as everyone calls it, sits happily in the middle of Somerset

beneath Glastonbury Tor, which you may see from a different angle every time you turn a corner.

Meyer, its founding headmaster, was captain of Somerset County Cricket Club, and ran the school exactly as he felt inclined. Now retired, he is the kind of headmaster who, in the early days, could gather up everyone he happened to find in the staff common room and sweep them off to Wincanton races for the afternoon. The school (with 736 boys and 449 girls, 80 per cent boarders) is now run with appropriate professionalism by Colin Atkinson as principal and Brian Gaskell as headmaster. Atkinson, who was headmaster for 15 years before becoming principal, is a director of two companies and was recently appointed chairman of the ITV company, ITV West.

When I asked him if the relationship between principal and headmaster was like that between a company chairman and a managing director, he gently steered me in the right direction. "Executive chairman," he said.

One of the responsibilities the principal reserves for himself is the final decision on admissions. Millfield, he says, encourages the pursuit of excellence and assumes that "every man has it in him to produce work whose quality, judged by appropriate standards, can be described as first class."

In line with this, the head-

master sees Millfield as giving pupils "ample opportunity and encouragement to raise their own sights a notch or two higher than they had previously thought possible." Both are talking about academic as well as sporting and other activities and about women as well as men.

This year Millfield is charging £8,255 (including most extras) for boarders but 44 per

James Bredin spends a day at the school for all reasons

cent of all pupils receive bursaries or scholarships ranging from 5 per cent to 80 per cent of fees. One or two particularly promising and deserving pupils have quietly had their fees waived completely.

The effect of all this is that Millfield is unlike, and has an atmosphere unlike that of any of the other top independent schools. It is a highly successful meritocracy which avoids the public schools' perpetuation of social divisions and the comprehensive schools' manufacturing of mediocrity.

It does it, as the principal puts it, by offering "a wide choice of activities, academic, athletic and aesthetic; a spirit of excitement, challenge and competitiveness, and not least, a discipline based on the belief

that responsibility comes before freedom." It does it with over 150 full-time staff and 15 part-time, giving a staff-pupil ratio of 1.7.

It does it with an academic system (offering 55 subjects at GCSE level and 37 at A Level) based on group tutors, senior tutors and a director of studies; a pastoral system based on heads of year, house parents, a chaplaincy and a lay team of counsellors; and pupil involvement through head boy and girl, school and house prefects and a school council.

Participation in a wide diversity of activities is compulsory for all except those in their main examination years. The choice ranges from a computer club to social services, from a drama workshop to life saving, from film appreciation to the Duke of Edinburgh Award Scheme, from a literary society to orchestral, chamber, choral and other kinds of music at an astonishing level of competence and enjoyment.

Staff involvement in these activities is generously beyond the teacher's own specialist subject. At Millfield it is impossible for anyone to claim to be bored on the grounds that there is too little to do.

Anyone who thinks that Millfield is still too interested in sport and is not therefore, a serious school might consider some facts.

In an average year, of the 210 sixth form pupils, 120 will go through A Levels, 150 will go on to degree courses of which

21 will be at Oxbridge (30 in 1986-87).

Among the 25 teachers in the large mathematics department there is a team of authors who have published A Level textbooks on pure mathematics, calculus and statistics.

Among Old Millfieldians are a First Secretary in the Cabinet Office and the producer of the film, *The Last Emperor*. Neither is a rugby international.

The school is about to appoint its first artist in residence, a sculptor.

As a matter of policy Millfield educates parents into a realistic assessment of pupils' academic potential and university prospects.

Millfield takes particular care to help dyslexics. It has a language development unit in which dyslexics can be made capable of higher education and jobs when they leave. Their inspiration is one dyslexic pupil who did not get English language at O Level, was remarkably gifted at mathematics but, even at A Level, had to have questions read out to him by the staff. From Millfield, he won a place at King's College, Cambridge, and now lectures at London University.

Finally, Millfield has a sense of humour, even about itself. There is a delightful self put-down in the minutes of a recent meeting of heads of departments and senior tutors. Progress on one item in the agenda is described as being "on the slow side of steady."



Old Millfieldian Mary Rand enjoying her success at the Tokyo Olympics in 1964

Days of the exam factories have gone

Alan Forrest reports on the new mood in the further education colleges

ACCORDING TO people in the business, independent further education colleges are thriving as never before. In an article in the latest guide to the sector, put out by school consultants Galbraith, Truman & Thring, Mrs F. Colyer, chair of the Conference for Independent Further Education and a Sixth Form College principal, lists several reasons.

She says they have proved that they can achieve excellent exam results, they have satisfied their customers about living conditions and amenities and, as British universities and

polytechnics are regarded by overseas students as the best in the world, they find a two-year course at a UK independent college can provide them with the necessary entry qualifications.

And the number of parents of children in the state system deciding to "invest" in the last two years of education before

A Level is increasing.

Many of these colleges are excellent and the guide I have mentioned is certainly one of the best to them. Of the ones whose main object is to prepare students for GCSE or A Levels or provide another chance for those who have ploughed first time round, some object to being called "crammers" while others, including the rather up-market Collingsham Tutors in London's East Court, doesn't mind at all. Colyer, writing in this 1988-89 guide, has no doubt that they will continue to be called "crammers" but points out that their work is of such a standard that the days of the old "exam factories" have gone.

The best of them are very good. I have sat in on a GCSE literature session which really brought the poetry of World War One to life. It was done completely with war maps and a tutor who knew his history and his politics as well as his poetry. I met a young man who had defected from a good public school in Oxfordshire because he found the "crammer" giving him a better course for his intended business career. And a woman in her forties followed her daughter at the "crammer" just because she wanted to get a few A Levels.

They are not cheap. Take a place like St. Clare's in Oxford which specialises in courses for the International Baccalaureate. This is a wide-ranging exam, now an extra offering at many public schools. Seven-olks in particular. Three subjects are studied at roughly equivalent to A Level and three at "subsidiary" level.

Students must also deliver an extended essay of about 5,000 words, must take part in cultural, aesthetic and social service activities and follow a Theory of Knowledge course "which develops their capacity for critical thinking."

St. Clare's fees are around £7,000 a year including accommodation. Or take a college like Marsden Tutors in London a few minutes away from the rather smart Queens (tennis) Club in Barons Court. There you can expect to pay between £245 and £265 per A Level per term (£200 to £40 per GCSE) without accommodation.

Collingsham Tutors' Gilly Green told me about his new "special branch", Collingsham Tutors GCSE, recently opened in Kensington's Queensgate near the great museums. This

concentrates on GCSE, taking 14, 15 and 16-year-olds in small classes at a cost to fund parents of about £4,000 a year. Green spoke with some enthusiasm about the GCSE, as do most people in the independent colleges. They say that

the emphasis on course work as well as just answering questions on a paper takes some of the stress away from the exam room. And of course, the tutorial systems in the independent colleges are ideal for the GCSE. And Green admits that most

will be something rather special in this area; the guide is well worth consulting - worth consulting.

The special colleges cover computer science and cookery, dancing, fine art and photography, secretarial and business studies. A whole feature is devoted to hairdressing as a profession, written by Simon Ellis, general manager of the Vidal Sassoon UK schools. But he gives a warning. "If you want to become a hairdresser in a hurry, there are private hairdressing schools which offer six to nine-month intensive courses. But don't expect to walk into a job. You won't get any in-salon training and if you miss any of the course through illness you could find yourself struggling to catch up on such an intensive schedule."

A typical independent college or the young people at the independents have the advantage of coming from middle-class homes. "Successful students in course work get a lot of help from their parents and it helps if they come from homes where books and discussion are part of the furniture."

She also recommends the Easter revision courses for exam students, starting any time now at many independent colleges. These start from mid-March into April and give pupils intensive study for GCSE and A Levels. Many London institutions are running them - independent and state - and outside London one venue very much in demand is Hertford College, Oxford.

So much for the exam scene. But it is becoming increasingly obvious for parents with the money to spare for independent education that a son or daughter who may not be a traditional gong-winner may

from just over £1,000 a year and from just over £500 for from three to six months.

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INDEPENDENT EDUCATION

# Friends for first-time buyers

Revolution in the classroom poses problems for families

**T**HE NUMBER of first-time buyers of independent education increases. Have fathers and mothers from state schools who have done pretty well in life become completely disillusioned about the state system or is it that they believe the private sector, properly used, still gives a better chance of the glittering prizes?

There are all kinds of reasons. They may feel that the facilities the state offers, maybe in a dodgy inner-city area are just not good enough. They may have embraced a kind of Thatcherite elitism, but whatever the reason, by opting for the private sector, they find themselves in a bewildering maze of choices.

To find a few ways out of the maze, I recommend some bodies and publications that may help. Many parents' minds will be occupied by the GCSE, which, in spite of the cynicism of some traditionalists, has revolutionised the system.

The current issue of *Which?* is worth looking at. The foremost consumer magazine has surveyed the GCSE and found, for example, that 56 per cent of people queried had more than one new exam: is a good way of showing employers how good pupils are, against 94 per cent

disagreeing. "There is more emphasis on the environment and social awareness."

In looking for help, parents should not forget the British Accreditation Council for Further and Higher Education (114 Chase Side, Southgate, London N14 8PN. Tel 01-836-8569).

An accreditation means that

**In choosing a school it is important to know the experts.**  
*Alan Forrest reports*

A school or college has been inspected by "an experienced and qualified team of inspectors." The accreditation involves an assessment of the premises and resources of an institution, the qualifications and experience of the staff and welfare provision for students.

Other useful people to know about include the Independent Schools Information Service (ISIS). They are at 56 Buckingham Gate, London SW1 6AG, a short walk from St. James's underground station (Tel 01-630-6793).

Gabbitts, Truman & Thring is a famous group giving advice on schools, its guides, well written and glossy produced, are packed with information. Its new counselling service, by which parents with

special problems on school-choosing can have a one-to-one session with educational experts, from teachers to psychologists, costs £90, but much valuable information can be obtained without payment.

The move towards more co-education continues. But parents of girls who think a girls'

articulate human beings. I recommend the third issue of *Prep School*, the little magazine which Anna Kieggell edits for the Incorporated Association of Preparatory Schools (IAPS) and the Society of Assistants Teaching in Preparatory Schools (SATPS).

This publication, aimed at parents, teachers and even, I suppose, children is an enjoyable read. The present issue includes impressive amounts of information from headmasters and Sir Humphrey Prideaux, former Brooke Bond chairman and chief of governors at a pleasant school at Rottingdean, near Brighton.

But my favourite article is one headlined "The Headmaster never appears except in spurts." Written by a former head of The Downs School, Colwall, it recalls W.H. Auden's time as English master at the school. It is nicely written and includes some forgotten Auden verses.

There are several pages of prep school sport and book reviews and the annual subscription for the magazine, including postage, is £5. All contributions about subscriptions to John Gatt Limited, Great Clarendon, Saxmundham, Suffolk, P17 2DH (Tel 0728-78866).

Some people are wanting advice on starting, opting for private education as soon as the offspring can function as



Eyes down for success in the GCSE, a revolution in the exam system

# Life begins at three

**S**EVENTEEN CENTURIES ago, Epictetus said: "Only the educated are free." Greek is no longer on prep schools syllabus, but parents seeking to exercise the freedom that money brings are starting their children ever younger in private education.

The number of three year-olds in the private sector is growing at 7 per cent a year, according to the Independent Schools Information Service (ISIS), which is financed by the 1,400-plus schools that make up its membership.

The rate of growth drops sharply with age. There are 5.4 per cent more four year olds and 4 per cent more five to six year olds arriving each year in pre-prep schools - the umbrella title given to independent nurseries and infant schools. The figure across all Isis member schools is just 1.3 per cent.

Nursery schools as such are not part of Isis. However, such is the demand, schools with older pupils are lowering their minimum age of entry: London's Dulwich College Prep

(Boys only, £1020 to 1420 a term, age range: eight to 13) are also noted for their musical specialisation.

Parents who see a place in the junior schools as a guarantee of entry into the next level up are rarely disappointed. Apart from the "in" children get, the academic slant to the teaching puts them on track for the Common Entrance exam. Children joining the system late can find it hard to catch up. At Lichfield, almost all pupils stay on from prep. The fees almost double; this only cause of dropouts, says Wren.

Winners of places for vocal skills at Lichfield must be boarders. However, boarders are more usually children of expatriates, the military and, to an increasing extent, of divorced parents.

"The 'granny belt' areas of the south coast are popular for boarding." Parents who live overseas want their children to be in striking distance of another member of the family, often grandparents, says Davies-Jones.

Independent education in cities is a less cosy affair. Competition for entry in London, and to a lesser extent Edinburgh, is so intense that there is little pressure to go co-educational. Schools need not undergo the expense and inconvenience of rebuilding changing rooms and loos to accommodate both sexes when the single sex waiting lists are so long and of a high enough quality already.

More private places are coming available, either through expansion or the opening of new schools, in response to the demand. But the Department of Education and Science predicts a more or less steady increase until the end of the century in the number of pupils attending private primary and under-five schools.

Newlyweds may take some heart in one statistic: the years of almost growth, and therefore one presumes, gentler competition, are 1990-93. They could also consider moving house. One member of the prep-school establishment singled out Arlington for its good state of affairs.

Although there is no shortage of eager parents, schools are keen to sell themselves. Some produce glossy brochures. Many point out that prep-school values are far from Victorian. "Cold baths are out," says Davies-Jones. "We even have double glazing and central heating."

The grapevine is important, perhaps overly so. Many parents recognise the inadequacy of hearsay recommendations, and the schools agree. Head teachers and Isis are united in their advice to parents. Time consuming though it is, there seems to be no alternative but to visit the schools on your schedule.

The Isis Guide to Choosing Your Independent School has a checklist of questions to ask and what to look out for. The consensus is summed up by Anne Kieggell, editor of *Prep School* magazine and formerly of St Paul's in London. "There is no better way than visiting the schools and see if there is a chemistry with the head. Ask yourself how happy the children are. Happiness has become more important than discipline. It is no longer suspect to have fun, and school is no longer simply for your own good."

Available from Isis, 56 Buckingham Gate, London SW1E 6AG

## Daniel Green on the changing world of the prep school

School (fees £525 to £1340 a term), for example, takes children from age three.

Life is not easy for parents in that kind of sellers' market. Some parents also fear the disciplinary image of prep schools; they want their young to be treated gently. Some hear stories about anti-natal registration for schools (not necessarily denied by head teachers). All worry about cost.

Schools are keen to present a friendly image. Many acknowledge and adjust to changing parental demands. "Parents are getting keener on co-education," says Hugh Davies-Jones, headmaster of St Andrews School in Esherborne (tel. 01300 a term, age range three to 13). "It is cheaper to have brothers and sisters attend the same establishment and more convenient in terms of holiday dates."

The desire to send children to the same school has also encouraged a drift away from remote boarding schools towards local day schools. Lichfield Cathedral School in Staffordshire (£290 to £1340 a term, age range four to 13) has 154 pupils. One third are girls, less than a fifth are boarders and most live within 10 miles.

Pre-prep at Lichfield started in 1976 and has expanded rapidly since then, moving into new premises twice. "To get a place in pre-prep children have to be booked in by the time they are a year old," says Ian Wren, the headmaster. "The main school is being double in size to keep the pre-prep intake down to 50 per cent." Last month the pre-prep school was formally opened by Kenneth Baker, Secretary of State for Education.

Few junior schools encourage any sort of specialisation. The exception is religious music. The only way around the year-old rule at Lichfield is if your child has a beautiful voice - singing scholars are taken on merit. Westminster Abbey Choir School (£370 a term, boys boarding only, age range: eight to 13) and Pilgrims' School in Winchester



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DIVERSIONS



World Heritage sites: top left, Beumaris Castle in Gwynedd; Stonehenge; Durham Cathedral and, above, Blenheim Palace

# The battle for Britain's heritage

Gerald Cadogan on a little-understood weapon in the fight to conserve historic sites

THE BATTLE of Avebury — the Wiltshire village with a prehistoric site threatened by a theme park — has highlighted a new species in the conservation war: World Heritage sites.

We have had these since 1986, but hardly anyone understands what they are. Yet, in the Avebury dispute, World Heritage status proves a powerful weapon for the army of enlightenment.

It also gives the Government a real chance to show its sincerity in subscribing to the World Heritage Convention. What sites in Britain are stamped with cosmic significance? Can our present very local arrangements — the planning committees of district councils — look after them properly?

The 1972 convention, a child of Unesco and the International Commission on Monuments and Sites (Icomos), is the core of the scheme. It is instituted in Paris the World Heritage committee and the World Heritage Fund.

The committee keeps the list of places that are the very best of this world's achievements and of its beauty, natural and cultural. A country that ratifies the convention submits to Paris its own list of World Heritage candidates, and makes an annual payment to the fund (Britain's is a surprisingly — if not scandalously — small 258,000 in 1988-89), which goes to help World Heritage sites mainly in less developed countries.

Britain did not ratify until 1984. Icomos (UK) proposes submissions. The Department of the Environment makes them, and the Countryside Commission, the Nature Con-

servancy Council, English Heritage, Cadw (Welsh Historic Monuments), the Scottish Development Department and the DOE Ulster prepare them. The Foreign Office also has a say.

Thus, in issues that may need sensitive taste and judgment, bureaucracy reigns. In Paris there is more of it. Yet it is right that sites of World Heritage importance should endure any number of tests and checks, provided the Heritage status helps them in the end.

A candidate's first criterion is that the place must be unique. It must be not just any cathedral, but the truly special one. Durham, for instance, had the first rib vaults in Europe, and Canterbury was one of the great places of medieval pilgrimage, where St Augustine brought us Christianity and Becket was murdered.

At Ironbridge in Shropshire the Industrial Revolution began. Stonehenge and Avebury are the best prehistoric monuments outside the Mediterranean. Gwynedd's castles and Hadrian's Wall are superb examples of medieval and Roman perimeter defence. St Kilda, off the Outer Hebrides, is a mixed site, combining an anthropologically unique village that survived until recently with its own self-balancing microclimate, and its own species of sheep, wren and rabbit.

Next, the committees look at how the sites are managed and maintained. You cannot produce a virgin site as a candidate. This criterion may work against sites under threat, as it did to the suggestion of the Settle-Carlisle railway. But it

emphasises that, to qualify, the site must already be officially recognised and well looked after.

Here the various existing conservation labels count. Is the site listed (grade I or II)? Or a Scheduled Ancient Monument? Or a Conservation Area? Or a Site of Special Scientific Interest? Or an Area of Outstanding Natural Beauty? Might it straddle the nature/culture divide, as does the Lake District, combining beauty with a leading role in our artistic and literary history? If that is the case, the criteria for choosing the site and the responsibilities for looking after it need to be made more precise.

What new World Heritage sites may we expect? Possibilities range from the Lake District to the world's first train sheds, by Brunel, at Bristol Temple Meads, and his line to Paddington.

Another candidate is Orkney, with its great Neolithic circles and tombs. It would complement Avebury and Stonehenge, though I hope any World Heritage area will also take in our best early village at Skara Brae and the great St Magnus Cathedral in Kirkwall, Orkney. Other possibilities are Cambridge colleges and the Backs; Tefford's bridges in North Wales; and Robert Owen's model industrial village of Llanfair.

Further ahead, the tentative list has Chatsworth, Salisbury Cathedral, the Forth Bridge, Rievaulx Abbey, Oxford colleges, and Gibraltar with its fine range of 18th and 19th century barracks and batteries. What a noble parade of unique and world-important localities.

Does World Heritage status help? As of now, the answer is mixed. Yes, of course, as we see at Avebury when it sums up how much it matters. But even there you will find the hint of problems. One is the old dilemma of protection versus populism. Your operators have been quick to see the potential of the "World Heritage" tag for getting more people to pay to see — and damage — places they might not have gone to before. The result?

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## Bridge

TODAY'S hands both come from rubber bridge. The first was dealt by South at love-all:

N  
 ♠ A 6  
 ♥ J 9 4  
 ♦ 6 5 3  
 ♣ K J 9 8 2

W  
 ♠ 10 5 4  
 ♥ 10 8 5 3  
 ♦ 7 6 4 3

S  
 ♠ Q 9 8 2  
 ♥ A K J 9  
 ♦ Q 5

East opened the bidding with one spade and South overcalled with one no-trump. North, with nine points and a good five-card suit, raised to two no-trumps and South carried on to three.

West led the four of spades. The declarer played dummy's six, the king won and East at once returned the three — it was essential to remove dummy's only entry which could aid the establishment and enjoyment of the club suit.

South realised that this entry must be put to good use, so he led a diamond and finessed his knave. When this held, he switched to the queen of clubs. West dropped the seven to show four cards in the suit and East correctly withheld his ace, correctly.

South now cashed his diamond ace and, when West produced the 10, cut across with five of clubs. Taking his ace, East returned the seven of spades. This was taken by the queen and South played his nine to the knave.

East was undaunted. He decided to lead the eight of diamonds. South took with his nine and cashed the king. Now came the crucial play: South led six of hearts, West played low, and dummy's nine was finessed.

East took with his queen and found himself overplayed once more. The forced heart return — East chose the two — ran to the knave and the heart ace was South's ninth trick. Good card-reading and timing.

The second hand occurred a few days ago:

N  
 ♠ A J 9 2  
 ♥ Q 10  
 ♦ A Q  
 ♣ 10 9 8 6 2

W  
 ♠ 3  
 ♥ 8 7 6 5 2  
 ♦ J 6 4 3  
 ♣ K 7 4

S  
 ♠ K 10 8 7 5  
 ♥ A 9 4  
 ♦ 7 5  
 ♣ A 5 3

North dealt with East-West game and hid one club. East passed and I, in the South seat, said one spade and went four

spades after a single raise from me.

West opened with the eight of hearts and this was covered by 10, knave and ace. Prospects were not bright — two losers in clubs, one in hearts, and a possible loser in spades and diamonds. The lay way is to play for 9-8 trumps and rely on the diamond finesse, but I decided to feel my way without touching trumps at this point.

I returned a heart to queen and king and East switched to the queen of clubs. After some thought, I saw the chance of an endplay. I won with my ace, played my nine of hearts (throwing dummy's queen of diamonds) and cashed the diamond ace.

Crossing to my spade king, I ruffed my losing diamond in dummy and led back the six of clubs. East took with his knave — I was playing for him to have queen and knave doubleton — and was endplayed. He was forced to give me a ruff discard by a diamond return, allowing me to dispose of my club loser, while dummy ruffed.

The spade ace was my 10th trick. If East has a third club, West will have to win with his king, he cannot unblock — and he is endplayed.

I was perhaps lucky, but I enjoyed it.

E. P. C. Cotter

# Wine Pick of the bunch

Edmund Penning-Rossell — and 1,849 others — judge the offerings at a major Paris fair

THE FRENCH are great exhibitionists. They are great supporters of the wine and food fairs that cover the country each year, and the greatest in this week in Paris, in the vast exhibition centre at the Porte de Versailles: the Concours General Agricole and Salon International de l'Agriculture.

It was opened on Sunday by Agriculture Minister Henri Nallet and by the time it closes tomorrow it will have been visited by about 1m people. It is the occasion when the farmers of France come to Paris, and it covers every form of agriculture and domestic animal life.

It is also France's biggest competitive wine show, the summit of provincial displays — of which those at Macon, Orange and Blaye are the most prominent — and where medals are awarded by independent professional juries. The two that count most are Macon and Paris; winners of gold, silver or bronze medals get good publicity and business and may affix suitably inscribed labels to their bottles.

The Paris show is not, however, the great wine, but mostly for the middle ranks, the small growers and particularly for the co-operatives. However, it includes some growers and merchants whose wines are well-known on the international market.

This is the Paris Concours' 98th year. The run-up is strictly organised, with careful pre-selection. Twenty-five regional selection committees represent growers, the co-ops, local merchants, together with administration officials, members of Institut National des Appellations d'Origine (INAO) and the Repression des Fraudes.

This year they examined samples from 10,000 growers, whose wines have been passed on by the local growers' syndicates. To ensure that the contestants are serious producers, private entrants had to have minimum stocks of 100 hl of red wine and 50 hl of rosé and white wines, and the co-ops 1,000 hl of red and rosé and 400 hl of white.

Few, if any, of the more than 300 appellations controlées (AC), the 60-odd vins delimités de qualité supérieure (VDQS) or the over 100 vins de pays are unlikely to have missed the opportunity to compete. They included such little known appellations as the Coteaux Toulousains and the Cotes de Gien, both of which won gold medals, and the Vins de Pays

d'Allobrogie (in Savoy) that secured a silver.

Exactly 4,801 wines survived the pre-selection, and sample whole bottles were sent to Paris for their labels to be covered by anonymous, numbered green ones. They were tasted blind by no fewer than 1,850 members of a jury divided into groups of four round small tables in the hall. They included growers, members of the trade, sommeliers and a handful of foreign visitors, of whom I was one. Each region or district was confined to the wines of a single vintage: 1987 for red bordeaux, 1986 for Cote d'Or rosé, 1988 for bordeaux blanc and 1987 for Aligote and the bordeaux and burgundy whites.

I was on one of several tables assigned to the entries

These included such names as to be found on British wine lists as the Turckheim co-op in Alsace for its Sylvaner (gold); Moreau of Chablis for Grand Cru Le Clos and Valmur (gold); Joseph Drouhin of Beaune for Chambolle Musigny Amoreuses and Clos Vougeot (gold); Delorme for his red Givry and white Rully Renarde (gold); and Bouchard Père et Fils for Volnay Chantluis (silver).

This and the agricultural contests are the professional part of the show, but the biggest and most crowd-drawing section includes the stand of the departments and regions of France and a series of tables in which the immense variety of French wines are displayed for tasting and purchase. The stand-holders are co-operatives, merchants with an assortment of mostly minor wines from various districts and growers who emphasise that they only sell their own wines.

The stand of the office Vignoble de Sautesnes at Barac was decorated with bottles of Yquem and Clineau, but a more likely sale was the blended brand Terre Noble. Some of the most active stands were those of the numerous co-ops, including a very big Beaujolais one. But the style of marketing was relaxed rather than rancous, with family parties encouraged to taste, buy and perhaps return every year to lay in a case or two.

It is a matter of pride with many French urban dwellers to have "a little supplier in the country." One stand-holder offering Bordeaux petits chateaux totally unknown to me said that he had been at the show for the last 26 years. Near by were the Vignerons Forensiens, a small cooperative of the old Beaujolais Cotes de Frons to the west of Lyons. They were hoping to exceed last year's takings of FF700,000 as well as to make new customers. (Bordeaux Direct of Reading sells their Gamay red in the UK.)

Paris and wine fairs elsewhere provide opportunities to develop the mailing lists of the "direct" in "white direct." Higher in the social wine scale was the stand of the respected Pomard house of Parent, where I was told they sell about 6,000 bottles every year at the Concours, including those of at least medium price. With bottles open and an eye for presentation to taste were evident, but in the overcrowded, over-warm first Sunday afternoon, I noticed no one who over-indulged.

# Eating Out Hotels that lack nothing

IN TRYING to win customers back to their dining rooms, hotels and hotel chefs start with two distinct advantages. The first is that they do not stand or fall by their culinary reputation or by the profit margins they manage to squeeze out of the restaurant and wine list, matters of financial life or death to the chef-proprietor.

Secondly, an hotel has usually far more resources for working back its customers than any individual restaurateur and can use them in all sorts of different ways — subsidised special menus, an aggressive advertising campaign, a wine cellar full of gems, or a tie-up with a foreign chef, either on a temporary or permanent basis.

A liaison with a top French chef has worked wonders for Le Meridien on Piccadilly, which has risen phoenix-like from the ashes of its former dismal by Guinness. A talented Englishman, David Chambers, resides as executive chef and can call on Michel Lorain from Joigny as a consulting chef who visits five times a year.

They now offer a particularly good value lunch (£19) and dinner menu (starting at £24.50 for four courses) in the extremely soigné Oak Room. This arrangement does mean, however, that you can be faced with two chefs inquiring at the end of the meal if everything was to your satisfaction.

Other hotels have put their culinary reputation in the hands of others on a more temporary basis by bringing top chefs to come and cook in their restaurants for just a week or so. Even Browns Hotel — better known for its teas than its dinners — (after all, it is Trust House Forte) brought over Michel Guerard from Eugeneles Bains in late 1987. This policy is, of course, a total anathema to the philosophy of the chef-proprietor and does not happen in any other field.

Can you imagine another industry in which the managing director flies around the world and runs a similar business for a week at a time? For the consumer, however, there is an opportunity to taste some very individualistic cooking without leaving Heathrow. These visits have not been missed by the professionals — on one night Guerard was cooking for at least two of London's top chefs.

The most economical of all these visits — for the consumer anyway — may prove to be that of Stephanie Alexander, from Melbourne, Australia, who will be cooking at the Four Seasons restaurant in the Inn on the Park from March 13 to 18. Not content with bringing herself, and her sous chef, for authenticity, she also plans to try in some of the local delicacies which make a visit to her restaurant so special: langoustine-like Queensland Moreton Bay bug tails, Tasmanian ocean trout, King Island rock lobster and Victorian lamb.

Dinner will cost about £35 a head, and the menu has a small but well-chosen Australian wine list alongside it. Two of the wines, Rothbury Hunter Valley Semillon 1987 (£16 per bottle) and Brown Brothers Liqueur Muscat a dessert wine at £2.50 per glass, are uniquely Australian.

The Inn on the Park's nearest rival, in terms of commitment to its dining room, is in fact just across the taxi rank at the Intercontinental Hotel. Last year it refurbished its main restaurant, Le Souffle, and together with a marketing company introduced the Quadrige Club to attract new customers and to reward frequent diners with a worthwhile discount.

It proved so successful that membership was closed at the hoped-for 3,500 within three months but will reopen again in May 1989. The fee for the forthcoming year will be £95, for which you may eat 12 times in either the coffee shop, nightclub or restaurant, and, as long as you eat there in tables of two or more, one meal on each occasion is free (excluding wine or drinks). As the lunch menu is £22.50 and the dinner menu £26.50 membership pays for itself.

after four lunches or three dinners and it, surprisingly, transfers.

The attractions of Le Souffle are not, however, limited to this club or its decor; it exudes an air of calm and professional ease. Much of the credit for this must lie with the chef, Peter Krosenberg, who has been in charge for 14 years and manages to combine good taste and an eye for presentation together with great discipline and organisational ability. These two last qualities are rare in many chefs but essential here in a kitchen capable of producing 300 individual souffles at single dinner.

The strengths are just as obvious in the lunch menu. A good thick soup of Jerusalem artichokes and leeks was almost transformed into a meal on its own by the addition of scallops, while a roulade of marinated salmon and Dover sole was topped with sour cream and caviar. This commitment to quality and presentation was carried through the rest of the meal and also to the wine list where credit, in this instance, must be given to the food and beverage manager. A Crover has been installed in Le Souffle's bar and, unusually, wines can be enjoyed by those who do not want to drink serious amounts.

With our lunch we were able to try two different white wines, a 1983 Graves and a 1985 Premier Cru Chablis together with two 1979 red burgundies, a Volnay and a Beaune Tournon for about £22, no more than the price of a single bottle of similar quality. All were served at the right temperature and in glasses so fine that at home you would never dare use them.

Le Meridien, Piccadilly, London W1, 01-734-8060. Inn on the Park, Park Lane, London W1, 01-499-0688. InterContinental Hotel, Hamilton Place, London W1, 01-409-3131.

Nicholas Lander

HOW TO SPEND IT

# Biking brokers live life in the fast lane

What's the most fun you can have with your clothes on? Get yourself a motorbike, says Peter Knight

ENGLAND'S new cricket supremo, Ted Dexter, and Malcolm Forbes of *Forbes Magazine* do it. So do City stock brokers Peter Sich and John Clarke. Even Hbert Ches-shyre, a Queen's Herald, enjoys what multi-millionaire Micky Most says is the best thing you can do with your clothes on. They ride big motorbikes.

"You see more, feel more, hear more. It's the closest thing to flying most of us will ever get," says Clarke, managing director of stockbroker Swans & Co., who has a 136 mph Kawasaki K100 BT. His morning commute from Holloway to the City, at considerably less than the machine's maximum speed, takes just 12

minutes. At weekends, he forgets market trends and dons his official helmet as a British Motorcyclists' Federation examiner to shepherd trainees around the dangerous streets. "With proper training and common sense, motorbikes are no more risky than any other form of transport. But idiots die early," warns Clarke. And there are plenty of idiots about. Most steam through London with something Despatch emblazoned on their backs and a grim determination to break their mothers' hearts. Their quest to destroy family life, trample pedestrians and scalp U-turning taxi drivers has given motor-cycling a bad name. This could change. While



AT FRIDAY'S close, Martin Bell leaves his seat at Citibank's forward desk in the Aldwych and puts in a few hours fly-fishing in Wiltshire before sundown. Weekend motorway traffic is no problem thanks to his BMW R100GS, a chunky yellow and black monster that is the closest the Germans

motorcycle-maker comes to producing a trail bike. "I just couldn't put up with public transport. Bikes get you there quickly, they're easy to park, and you don't arrive at work looking any worse than the others. On a rainy day, my colleagues who walk from Charing Cross station get far more wet than me."

He thinks his bosses see him running a greater risk by using a bike but he doubts if it will affect his career. This is his third big BMW and he intends to keep riding. "It can be very dangerous, but I've been on bikes for 12 years and I've had only one accident."

IT'S DIFFICULT getting a licence to ride a big bike because the law restricts learners to machines under 125 cc. Most car drivers are allowed to ride these small bikes as a learner for two years. During that time, a two-part test has to be taken before they are allowed to ride anything bigger. There are plans to change the law, with an increased emphasis on training. These restrictions will be introduced when parliamentary time is found to amend the Transport Act. Experienced motorcyclists emphasise the need for training before and after taking the tests, especially learning how to control the bike and anticipate other drivers' mistakes. There are three options:

- Private schools - such as GSM, which has bases in Chalmersford, Colchester, Harlow, Southend, Wimbledon and Westbury (tel. 0245 359 478) - offer training from learners through to experienced riders.
- The Star Rider scheme is run in conjunction with many local councils (tel. 021 742-9408).
- The British Motorcyclists' Federation, a group that lobbies on behalf of bike riders, also runs courses (tel. 062571-2896).

The older you get, the less likely (statistically) is your chance of dying on a bike. The vast majority of motorcycle accidents in the UK involve people under 24. In 1988, only 10 per cent of rider casualties were among those aged 30-39. But, compared with car passengers, bike riders are still eight times more likely to be involved in an accident and 40 times more likely to be killed or injured seriously. Danger is part of the allure for some. For others, though, there's a whole lot more. "It's a lot of fun, you meet a different sort of person and it's a darn sight quicker than anything else," says Clarke. He used to be a doctor and spent time in an accident ward,

patching up many mangled motorcyclists. He swore never to ride a bike himself but, after struggling through traffic to get to work, decided to get one and has never regretted it. He even allows his 17-year-old son to ride. Now that inspires confidence: nearly half the serious bike accidents involve 16/19-year-olds riding mopeds. Camaraderie is strong among bikers. "There's a tremendous sense of fellowship among riders. Even in London, people give you the nod when you stop at traffic lights. Motorcyclists are not outlaws, we're exclusive," says BMW-riding Martin Bell, a

vice-president at the London branch of Citibank. Bikers rave about the fellowship, the ease with which strangers talk once astride an oversized engine, and how they help each other when in distress. "As long as you ride something vaguely interesting, everyone wants to know you," says Kawasaki-owner Sich, of Parrish Stockbrokers. For City riders, the overriding reason for risking death on the road is the convenience of getting there quickly and avoiding cat-in-hat public transport. Ches-shyre, who is based at the College of Arms near St Paul's, uses his Kawa-

saki to get him to work and then to lectures around London. "Some think it's a bit eccentric, but it really is so convenient." But, of course, bikes provide unsullied fun: wind in the face and power, power, power. "The thrill never wears off," says Bell. Sich adds: "The reality is even better than the fantasy." He admits that there is also an element of machismo. "One can become terribly narcissistic. When you're riding down a street with a lot of plate glass windows, you can't help looking at your reflection. You can turn into quite a poser."

ALL OVER the country the great house-decorating, house-improving game is underway. For the very rich, it is easy. You call in the experts and they do your bidding. A little marbling here, some swathing there, a little restoration on the side. But what about those who aspire to the grand effect without grand incomes? They learn to do it themselves, that's what they do if they've got any gumption.

Here, Lucinda de la Rue has a go at jobbing the decorating set and sets out to learn two new skills.

and Mrs Duncan, who had done this sort of thing before. Why had I - for whom DIY stands for "Don't Involve Yourself," who can't draw a straight line, and who has no colour sense - why had I decided on this course? Too late now to change to Christmas decorations. Sally Jubb, our tutor, was already underway. We began with lots of useful stuff about brushes, paints, the preparation of surfaces and the mixing of glazes. I diligently took notes and began to change to Christmas decorations. I understood it all. But my heart sank at the thought of having to put it into practice. I was handed my board and a foreign looking paintbrush - I held it, "After you," I said, politely but there was no getting out of it - I had to have a go. Tentatively I put brush to board, paused to admire the stroke, and then made another. It was fun and - dare I say it - quite easy. I had a bash at ragrolling, and then stippling, and with every stroke my confidence grew. Nothing to it. Where, I wondered was a modernist's Sistine chapel?

Half-time came as a surprise. I was enjoying myself and was loathe to break for lunch, but lunch was delicious and came with wine which launched me into the afternoon's work with extra enthusiasm. My attempt at dragging looked just as good as Mr Smith's, and my marbling was certainly better. The class finished at four with lots of questions and much mutual admiration. It was thoroughly enjoyable and I discovered that

decorative paint finishes weren't so difficult after all. No wall in our house is safe. If we lived in a stately home it might be different but I feel quite confident that I am now adept enough to tackle our modest walls. The preparation is the boring bit and messy too, so I might encourage my husband to do his painting overalls and do the hard work first. I'd opt for ragrolling which requires less of a steady hand and level head than the other finishes, and where teething problems would not be so obvious. But my rosey kitchen units and small pieces of junk shop furniture have not escaped the sponge and they look much better for it.

lunch it was on to the practical stuff - removing old rivets and unsticking badly matched china. We learnt to stick shattered pieces together again and how to remove stains. All very rewarding, but it would have been even more so had I remembered to bring remnants of my own precious pieces. Day 2, I hardly dared breathe over - let alone touch - my previous day's efforts for fear they'd fall apart. But I needn't have worried, for there they were still in one piece and ready to be cleaned for filling, sanding and, later, painting. Sunday was given over to putting into practice what we'd learnt the day before. We were left lunch more to our own devices which I found more difficult than I expected. We touched on removing old rivets and repainting, mixing paints and matching glazes. Although I wouldn't like to tackle a piece of Sevres I can do simple, fairly crude repairs. I'd be happy enough to stick my cereal bowls back together again but if it were an heir-

Decorative Paint Finishes with Deborah Wolverson. Armed with my notepad and pencil and a convincingly paint-spattered apron, I ventured down to the basement of the Lavender Hill Studios where Deborah Wolverson was holding one of her interior design workshops. I could have chosen a day course in china mending, curtains and tie-backs, stencilling or Christmas decorations - all of which would have been very useful, I'm sure - but when faced with the application form I had somewhat rashly opted for "Decorative Paint Finishes". I was regretting my decision as I rang the bell. The door opened to a professional smell of paint and I was introduced to Mr Smith and Mr Smith's mate, who were property developers, Mr Fernandez, who ran a firm of interior designers,

Deborah Wolverson runs her day courses during the school term from 10 am to 4 pm. The course costs from £50 to £80 and includes materials. For an application form write to South Bank Workshops, 14 Wilkinson Street, London, SW8.

China mending with Caroline Barks. Day 1. This was very serious stuff and hard work for a weekend. It was a good thing I wasn't late for the roll-call because the three of us were at our desks, pen in hand, at 10 am sharp. We were given full notes, intensive lectures and demonstrations, and then after



China mending with Caroline Barks

loom I'd still have to leave that to the experts. Nonetheless, I felt I had got what I wanted out of the course - I walked away with a starter pack of materials for under £25, together with sufficient notes and knowledge to be able to mend my ordinary bits and bobs. A quick calculation revealed that at my normal rate of breakages the weekend course (cost £10) was cheaper than having my broken china repaired by a professional. Should I change my mind, or should I fall on good times and inherit a fragile heirloom, I know that I can take up again from where I left off by joining Caroline's advanced course on the history of beautiful porcelain, and the best way to preserve and restore it. The course runs from 10.00 am to 5 pm on both Saturday and Sunday and there are also midweek courses lasting from two days to five covering a variety of restoration problems such as oil painting conservation, gliding, furniture repairs, picture frame restoration, clock maintenance and the like. Further details from Caroline Barks on 01-731-1356.

# Cool clothes for chic kids

Lucia van der Post on the UK debut of a famous fashion line

WHEN MY children were small I used to drool over the way the French children used to look so effortlessly chic while desporting themselves on Breton beaches, while I had to search high and low for clothes with even a fraction of the panache. These days the chains are much improved, with Marks & Spencer, Boots, Mothercare et al providing a lot more chic for the money. Those who long for some real Gallic chic without paying the kind of prices that Daniel Hechter, Baby Dior and so on demand will be pleased to hear that most Gallic of the childrenswear retailers, Jacadi, is opening over here on March 17.

Acquired by Storehouse last December, the first three boutiques will open at Marble Arch, Kingstou and Bristol. Each will carry the same range as Jacadi's 350 boutiques in France. For those unfamiliar with the Jacadi style, it was started by four colleagues who had once worked for Daniel Hechter and had been closely involved on the Hechter childrenswear ranges. The collection offers a Gallic version of *le look anglais* - sweet little smocked dresses with white collars for girls, preppy cardigans and buttoned-down shirts for boys. It includes lots of navy-blue, tartan and the nice long Bermuda shorts for boys that I used to long to buy for my own kids when he was small. In France Jacadi has been a huge success and I suspect it will get a huge welcome here. Gallic service is promised - everything beautifully wrapped in boxes and ribboned, with balloons and bonbons for the mini-customers.



Fleeced Bermuda shorts in tartan seersucker, £9.50 - £10.95, depending upon the size (from aged about two - 10). Short-sleeved cotton T-shirt in steely colour, £2.95 and £3.95. Cotton sweatshirt cardigan in navy blue, ecru and red, for sizes two - 10 years, £14.50 and £16.95.

# A brush with the experts

Decorative paint finishes weren't so difficult after all. No wall in our house is safe. If we lived in a stately home it might be different but I feel quite confident that I am now adept enough to tackle our modest walls. The preparation is the boring bit and messy too, so I might encourage my husband to do his painting overalls and do the hard work first. I'd opt for ragrolling which requires less of a steady hand and level head than the other finishes, and where teething problems would not be so obvious. But my rosey kitchen units and small pieces of junk shop furniture have not escaped the sponge and they look much better for it.



China mending with Caroline Barks

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Cookery

# Bake for us this day our daily bread

Philippa Davenport rediscovers the simple pleasure of loaves fresh from the home oven

WRITING LAST autumn about focaccia, the salty olive oil bread of northern Italy, reawakened my appetite for baking. I had not made bread for a long while and had forgotten how easy it was, and how rewarding a result. I am hooked once again on the greedy pleasures of making and eating bread and reaping the compliments it draws from those gathered round the table. Bread-making has always been a branch of cookery apart from the rest. Bread is such basic, timeless food, and the smell of a warm, yeasty kitchen is so potent a stimulant. Now, bread is shedding its mummy and homely image. It has the stamp of healthy eating on it and is fashionable, too. Italian bakers and other specialist bread shops have sprung up in our cities and their customers wear bread. Once, *amuse-gueules* were put on the table to nibble while you pondered the menu. These days, you are likely to be offered instead a basket of handsome and delicious, flavoured fresh-baked breads. This, surely, is an idea worth copying at home although I recognise that surprising numbers of (otherwise good) home cooks feel daunted by the prospect of bread-making. I remember that I was nervous once. Why is that the myth persists that bread-making is a difficult and time-consuming process? In reality it is a straightforward craft, calling for no particular subtlety or skills - unlike pastry-making, for example, where success depends on acquiring a certain lightness and delicacy of touch. The dough does take time to

rise, it's true, but you don't need to hang around while it rises any more than you need to dance attendance on a casserole while it cooks. As for kneading, there are no sacrosanct rules about how this should be done. Just punch, buff, stretch and pull the dough any old how to show it who is boss. Some cooks profess to find this therapeutic, others find it a bore. Most modern cooks avoid it, handing over the labour to a food-processor or mixer which does the job with admirable efficiency and speed. (The only thing you DO need to worry about is staying within the dough capacity of your machine.) The other great breakthrough of recent decades has been the advent of fermipan, or easy-blend, yeast. This mixes directly with the flour, enabling you to bypass the traditional 10-minute wait while fresh yeast or the conventional dried sort turns frothy in warm liquid. I buy a brand called Harvest Gold: unlike its rivals it doesn't contain so-called bread improvers, additives which strike me as quite unnecessary to a good, honest loaf. Nutritionists advocate the use of wholemeal flour for the sake of good health. I agree that it is the sensible choice when baking our daily bread, but for flavoured loaves for occasional eating wholemeal has, perhaps, almost too much character. Strong, white bread flour provides a gentler background note which shows off such flavourings as walnuts and olives particularly well. I look for the word "unbleached" on the flour bag label: if it is absent the flour is whitened chemically. I avoid brands that include flour-im-

provers, and I choose stone-ground flour if, so to speak, the farinaceous equivalent of virgin oil, pure and expensive, ground the traditional way between stones, not modern steel rollers, so it retains more character and nutrients. Like all good breads, the recipes that follow deserve to be eaten on the day of making; but they retain their fresh-baked appeal if wrapped and frozen as soon as cold after baking. Breads this good don't need buttering. They are delicious served on their own and I like nothing better than to break off pieces to eat when we sit, talk and share an unburied bottle of wine or leisurely glasses of pre-dinner sherry. Both breads also go well with cheese. The walnut bread served with a jug of celery, slabs of farm butter and Cheddar makes a fine variation on the ubiquitous ploughman's lunch. It also combines well with soft curd or cream cheese and ripe dessert pears - providing that you are not pregnant, very elderly, juvenile or sickly, of course - and it is an excellent choice for making water-cress sandwiches. I partner these with cold chicken legs for a packed lunch. Eliopitta, the Cypriot olive bread, is a natural choice for serving with taramasalata and it makes a welcome change from pizza bread to serve with hummus bi tahini. I recommend it as an accompaniment to roast duck with chicory and orange, and I liked it a lot with the pigeon recipes given in this column recently. KLIOPITTA 1½ lb wholemeal or unbleached white bread flour, preferably stone-ground; 1 x 7

gram sachet of easy-blend yeast; 1 teaspoon salt; ½ pt warm water (1 part boiling water to 2 parts cold); 2 tablespoons olive oil; ½ lb black olives, preferably oily and wrinkly Greek ones. Mix the yeast, flour and salt. Add the water and oil and knead to a smooth and elastic dough. Do this using a food processor or a food mixer with a dough hook (and following manufacturer's instructions), or by hand. Cover the ball of dough with lightly-oiled polythene and set aside to rise until doubled in size. This usually takes an hour or so in a warm place, 2-3 hours at average room temperature or 8-12 hours in a north-facing larder or other cold room. So choose the spot and aim for a quick, medium or slow rise depending on what suits you best. Knock back the risen dough; in other words, punch it with a couple of Frank Bruno-like fists to get rid of air pockets and to reduce the dough to its original size. Then, gradually work in the olives, which should be well rinsed and dried if they were soaked in brine, and split open and stone. The technique I use, if technique is not too grand a word, is to flatten the dough, sprinkle some olives over one half, fold the dough over and push and pummel it a bit before adding the next lot. The olives may seem reluctant to be incorporated at first, but persist and they will co-operate. Roll the olivey dough into a ball, flatten it slightly to make a cob shape about 6½ inches in diameter, and put it onto a lightly-greased baking sheet. Cover loosely with oiled polythene and leave to prove (meaning rise again, so proving that the yeast is still working)

for about 45 minutes in a warm kitchen or in the airing cupboard. Score the top of the loaf lightly with a diamond pattern and bake at 400 F/200 C (gas mark 6) for 20 minutes. Reduce the temperature to 375 F/190 C (gas mark 5) and bake for 20-25 minutes or more until cooked through. When ready, the loaf will sound hollow if tapped on the base. Cool on a wire rack to let the steam escape. WALNUT BREAD I have written this recipe briefly. For more detailed descriptions of the various steps, please refer to my introduction and to the previous recipe. 10 oz wholemeal or unbleached white bread flour, preferably stone-ground; 6 oz malted wheat flour (ie, granary) - or, if using white flour, you can replace the granary with wholemeal if you don't like the tooth-cracking qualities of the former; 1 tea-

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COLLECTING

# Be brave enough to buy unknowns

This month Robin Duthy 'invests' in paintings and pillars. His purchases are on paper only

AT THE Royal College of Art in London next Tuesday, Christie's is holding its first auction of paintings by "New Contemporaries." I shall be "bidding" for a remarkable five foot by seven abstract by the 23-year-old Claudia Moretti who graduated from Chelsea School of Art last year.

The purpose of the sale is to provide a market-place for young artists not yet linked to a commercial gallery. Christie's is offering 133 works by 25 artists out of the 250 recommended to them by critics and art colleges. Most of the works are estimated to fetch £250-£750.

If this laudable initiative works out it should result in benefits all round. The Royal College of Art will share in the proceeds of catalogue sales; dealers will get a free test of each artist's commercial poten-

tial; the artists will sell their work; Christie's will get commission and the buyers will be getting paintings by artists whose careers may be on the verge of a breakthrough.

We all wish our great-grandparents had been at the 1875 Impressionists' sale in Paris when works by Renoir, Sisley, and Cezanne were knocked down for £5 to £20 apiece. But would they have had the nerve to bid? For to buy the work of young artists is a high risk business.

Luckily, more and more collectors are now prepared to take a view on abstract art that is both original and strong. There were several artists in the Christie's sale I would like to have bought but the Moretti seemed an altogether remarkable creation.

Working in acrylic, charcoal, rust and occasionally debris from the floor Moretti has rec-

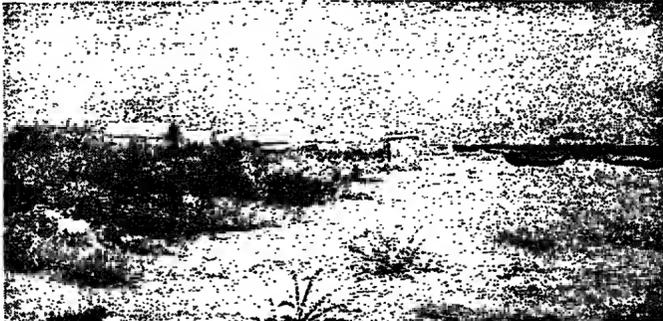
rested a scene from her inner world - a mysterious landscape of soft and jagged shapes in a palette of silvery-grey to blue and blackish brown.

For me the shapes call up thoughts of mountains, stones and bones, yet any interpretation of the work is immaterial. The painting has depth and subtlety and seems to allude to a state of the world some time ago when life was emerging from primeval chaos. But the harmony is disturbed by notes from a more ominous key, containing dark forces that might otherwise break out.

As happens with the best-laid bidding plans I shall set myself a firm limit of £800 beforehand but probably keep going up to £1,000 if I see the painting slipping away from me.

The Scandinavian Art bandwagon has been rolling for some time and Sotheby's and Christie's each hold the third of their special annual sales on the 14th, 15th and 16th of this month. Sotheby's say it now concentrates on better quality works, while Christie's has almost four hundred works on offer - nearly double the Sotheby's figure - with no noticeable drop in quality.

I shall be "bidding" up to £10,000 at Christie's on the 16th for a delicate impressionistic painting by Anna Ancher of a beach at Skogen - the village where a colony of Danish artists worked at the turn of the 19th century. Anna Ancher studied in Paris in the 1880s but her best work was done



Anna Ancher's painting of a beach at Skogen in Christie's sale on March 16

after 1890 at Skogen where her distinctive style evolved. Prices for Anna Ancher's work are up by over 1000 per cent since 1975 yet even now her work seems good value.

By some alchemy of colour and understatement this tiny (7x12in) beach-scene makes a surprising impact. Under overcast skies a strong Scandinavian light beats down on orange fishermen's cottages and white beach-huts, on the dry yellow-green grass and a

distant strip of dull blue sea. I expect a shakeout in the Scandinavian market as a result of which prices for the more decorative artists will mark time while the work of serious artists such as Anna Ancher will keep climbing.

My final "buy" this month was a pair of rare early 17th-century Italian oak pillars. They stand seven foot high and their carved Corinthian capitals and the strands of foliage climbing

from their bases show traces of the original, now mellowed, gilding. They cost £5,500 at Arthur Davidson in Jermyn Street, a shop that has a good range of "architectural antiques."

This fairly new generic term includes decorative metalwork, lanterns, balustrades and so on - anything that adorns a house other than its standard furniture. These pillars would look silly just standing against the wall - they are designed



Architectural antiques: £5,500 for a pair of early 17th-century Italian oak pillars from Arthur Davidson

to support something, so more will have to be spent creating an alcove or bay into which they can be integrated. They will certainly bring more style and character to a room than

any of the Georgian sofa-tables and Louis XVI chairs to be found in a thousand shops round Britain and I expect such elegant rarities to prove a sound investment.



Claudia Moretti's abstract painting in the "New Contemporaries" sale on Tuesday at the Royal College of Art

IT TOOK the Prudential less than three years to realise that it was not cut out to be a fine art auctioneer. It never really wanted the role anyway. It acquired some of the most respected names among provincial salerooms - Reeds Rains in Manchester, Cubbitt & West of Guildford, Pearson & Winchester - accidentally while on its buying spree of local estate agencies. Some of the larger agencies also owned salerooms which held perhaps a weekly or monthly auction of goods, ranging from chattels to family heirlooms. They were basically offering a disposal service for the furnishings of the homes they were selling.

Now the 16 salerooms which briefly formed Prudential Art Auctioneers have been sold to Phillips for a seven figure sum, and within a matter of days will be incorporated into Phillips national chain of 20

lots, many valued at around £100, through an unrivalled chain of small salerooms. Christie's and Sotheby's disdain this business, preferring to handle fewer but larger lots, ideally each over £1,000 in value, in their main rooms while letting Christie's in South Kensington and in Glasgow, and Sotheby's in Chester and Billingshurst, handle the cheaper stuff. They cannot imagine how Phillips makes a profit from such a low value, high turnover operation. After all they can generate almost as much from one 90-minute sale of top quality Impressionist and modern pictures than

## Saleroom Phillips buys the Pru

Phillips, with an annual turnover of £56m, can achieve in a year.

Mr Christopher Weston, chairman of Phillips, says the secret is to let the men on the spot get on with running the business and interfering as little as possible. Obviously some of the goods brought into the local auction house, roughly a third of the total in value, are important enough to be sent on to London for a specialist auction but the rest gets hammered out at a generally weekly auction.

The Prudential never quite got its castings right, and like other small auctioneers, was worried by a recent court case in which a Guildford saleroom, Messengers, was asked for around £100,000 because it wrongly attributed two paintings which were subsequently sold by Sotheby's as by Stubbs. It is just not viable for small regional auctioneers to have experts in all fields on permanent call, and mistakes are very expensive. To insure against such mishaps is almost as ruinous.

In addition when the Pru did get a really big auction, the dispersal of the locked away contents of Old Bessam Hall in Norfolk for over £1m, the vendor, the Aussie Earl of Stradbroke, drove such a hard deal that the profits were negligible. It was an easier operation to run down the network, closing some obviously unprofitable salerooms, and loading work on to a few specialists experts. In the end the game was considered not to be worth

the candle, especially at a time of stagnating house sales.

It is possible that other financial institutions who found themselves owners of salerooms - while buying up estate agents - General Accident, Nationwide Anglia and the Halifax - might also look again at their acquisitions.

Phillips has already bought the Alderley Edge rooms briefly owned by Hambro-Countrywide, and will consider more purchases.

Phillips will probably close some of its new rooms - the operation in tiny Sturminster Newton is only three miles from its successful auction house in Sherborne - but it is likely to be left with at least 30 auction houses. This will convince its rivals that Mr Weston basically runs a very successful property business. The assets of Phillips, all those freeholds in High Street sites, must be very substantial compared with the profits generated from auctions, and no doubt some of the centrally sited premises will be developed into offices.

The history of the auction houses is one of amazing stability. All the three majors can trace back their origins to the 18th century and although there have been attempts to crash into the market, notably by British Car Auctions and recently by the Geneva based Hapsburg Feldman, the domination in expertise by Sotheby's, Christie's and Phillips, plus unrivalled contacts makes such invasions very difficult. Even the constant rumours of a takeover of Christie's remains in the realm of speculation. As Mr Christopher Weston sets off on his tour of his new properties he can enjoy the satisfaction of knowing that once again the Old Guard has seen off a new challenge.

Antony Thorncroft

## Strindberg stars in Scandinavian sale

IT MAY come as a surprise to many people that the turn in Christie's sale of Scandinavian paintings on March 16 - a picture expected to realise in the region of £1m - was painted by Sweden's greatest playwright, August Strindberg.

Strindberg's literary achievements have inevitably eclipsed his fame as a painter, but his involvement and influence in Swedish art of the late 19th century was great enough to amount to a virtual double life. Strindberg himself rated his painting higher than his writing.

He was born in Stockholm in 1866, the child of a steamship agent and a former waitress. He left Uppsala University without taking a degree and eked out a living as a freelance journalist while struggling to complete his first play. At 25 he became a librarian in the Royal Library.

At this time he appears to have made his first efforts at painting. He became friendly with a whole group of students at the Stockholm Academy of Arts and became the most influential art critic in the country. In the vanguard of European art, he asserted the pre-eminence of colour and form and condemned the anecdotal and narrative.

Returning from a visit to Paris in 1876, he introduced the Impressionists to the Swedish public. He fired a whole group of young artists with his own radical ideas.

From this period dates his first disastrous marriage to Siri von Essen, who when they met was married to a guards officer. In the stormy years of the marriage he wrote his great dramas about the conflict of the sexes, including *The Father* and *Miss Julia*. His collection of stories, *Morried*, led to a prosecution for alleged blasphemy. After the trial, which is said to have affected his mental stability, he left Sweden for Grez, near Paris, where he became the centre of a group of émigré painters.

Between 1892 and 1894 - the period of his second marriage to Frida Uhl, a young journalist - Strindberg practically abandoned literary activity in favour of painting. He exhibited in Stockholm in 1892, then moved to Berlin with his friend the young Edvard Munch, with whom he exhibited in a "gallery of the rejected." In Germany too a new group of German and Scandinavian artists gathered around Strindberg.

crystallising as a school of symbolist expressionism.

Strindberg moved on, with Frida, to Dornach, in Austria, where he began to paint in a new expressionist manner bordering on abstract. Here he wrote a remarkable essay, years ahead of its time, "On New Art, or Chance in Artistic Creation."

In 1894 he was in Paris, where his plays were much admired, and where he became involved in a circle that included Gauguin, Munch and Frederick Delius. When Gauguin's paintings were auctioned, Strindberg contributed the now-famous preface to the catalogue. He also wrote a poetic introduction to the catalogue of an exhibition of paintings by Munch.

While Frida moved to Vienna and an affair with Frank Wedekind, Strindberg experimented with the occult and alchemy, while suffering increasingly from paranoia. A religious conversion coincided with his return to literary activity and a series of visionary works that included *Inferno* and *To Damascus*.

Marriage inevitably seemed to bring on painting; and with his third union to Harriett Bosse, a young Norwegian actress in 1901, he entered on a new phase with a series of symbolic paintings that increasingly reflected a longing for death.

After his many sojourns abroad, Strindberg settled definitively in Stockholm after 1899. The years after the break-up of the marriage to Harriett Bosse were bitter, but he seems to have found some belated consolation in his work

for the little Intima Theatre for which his last plays were written. It was here too that the first large exhibition of his paintings was held in 1909 to celebrate his 40th birthday.

Christie's painting "Inferno" figured in that exhibition. It was then owned by Strindberg's friend, the painter Richard Bergl, who wrote to express his pleasure when it returned safely from the show, "deep and forceful and a joy to my eyes. For I had started to glance at it every time I feared my use of colour had become too tame."

Strindberg replied, at once enigmatic and practical: "So you like my Inferno painting. But you must wash it with soap for there are at least seven years of dust lodged on the impasto. Why do you not use the palette knife yourself?"

Strindberg had used his palette knife energetically in laying on the paint. The picture represents a turbulent sky - it looks almost like a water spout - viewed through an arch of trees. The title "Inferno" has nothing to do with the play of the same name, written four years earlier. It referred, apparently, to a "forty-day Inferno" Strindberg experienced after his wife left him during the first serious rift in their marriage, in 1901.

Other pictures in the sale for which high prices are anticipated include an interior by Anders Zorn, with a portrait of his housekeeper (£250,000-£350,000); and a charming picture by Carl Larsson of his son and daughter at *The Evening Meal* dated 1904 (£150,000-£200,000).

In the Danish section of the sale are a group of pictures by Johann Laurentz Jensen, father of Danish still life painting estimated at up to £120,000 each for two elaborate flower pieces.

The annual London sales of Scandinavian paintings are now an established feature of the international art market. Sothebys precede Christie's with a two-day sale on March 14-15. It includes two attractive Carl Larsson water colours - one painted at Grez about the time of Strindberg's period there; and "Sunstun" in the Drawing Room III" by the Danish Wilhelm Hammerschöl - one of those cool, empty interiors, arrested in a moment of living light, that seem particularly characteristic of the turn of the century Scandinavian school.

Janet Marsh

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ARTS

Serious humour on Broadway

Michael Coveney on the state of New York theatre and an award winning play

IN NEW York last week the eleventh annual Susan Smith Blackburn Award for women dramatists, worth \$5,000, was presented by Jessica Hahn to Wendy Wasserstein for The Heidi Chronicles.

One can only wish it well and remark that the best of American contemporary playwrighting rarely succeeds on Broadway these days.

Even Robert Harling's Steel Magnolias, which opened this week in London's West End, never moved from off-Broadway.

Beyond that, there seems to be no consistency about which new plays do move onto Broadway, a fact which drove many dramatists in the New York Times last week to call for an expansion of the Tony Awards to include off-Broadway.

This is palpably not true in the case of A. B. Gurney's The Cocktail Hour, which is likely to remain off-Broadway's biggest success of the season, and rightly so.

Equally thin, but more fun, is Ken

Ludwig's Land Me A Tenor, co-produced by Lloyd Webber's Really Useful Company. First seen in Shaftesbury Avenue in 1986, this is an interesting return to uptown base for a delicious piece of farcical hokum.

Ludwig is a 38-year-old showbiz lawyer of no great writing pedigree (a piece about Gilbert and Sullivan was once voted best play of the year by the Ottawa critics).

It is anything but farce to be effective it has to be hilarious.

Skill, Garber is an energetic treat, though less of a touchingly blooming virtuoso than was Denis Lawson in London. And there is a classic display of frozen stares, slow burns and rampant anxiety by Philip Bosco as the manager.

I prefer my humour to be serious, as it undoubtedly is in The Heidi Chronicles. The play won the Susan Smith Blackburn because the consensus among the judges (in America, Miss Tandy, Edith Oliver of the New Yorker, Jan Jory of the Louisville Festival, in England, the actress and writer Fidelity Morgan, director Michael Attenuor, myself) was that it took a difficult form, the chronicle play, and imposed on it an architectural consistency and rhythm.

It was also, like for line, funnier by a mile than any other contender. And that wickedness is endemic to a post-feminist view of where and how good intentions and social prescriptions solved nothing.

It is exceptionally well acted, although John as Heidi was



Joan Allen and Peter Friedman in 'The Heidi Chronicles'

monologue about the let-downs of two decades. At the age of 38, she adopts a baby and starts over in a bare apartment.

Heidi's progress from gauche school-girl through fund-raising mixer for Eugene McCarthy in 1968, a self-help rap group at Ann Arbor in Michigan two years later, a 1974 Women in Art demo in Chicago ("No more masterpieces"), restaurants and TV studios in the 1980s, is hedged around with various friendship campaigns.

The scrupulousness of the writing and the epic ambition of the structure are not qualities Broadway would now dream of fostering.

It is exceptionally well acted, although John as Heidi was

last week. The performance will undoubtedly grow and prosper when it finds a consecutive momentum. The designs by Thomas Lynch are deft, cool, witty and colourful, and are operated with a slick flair comparable to that lavished on the Jerome Robbins love-in across the street.

Whether Wasserstein's play makes it to London is another matter. I think it should, for it tells us much about American contemporary life, as well as offering a compulsive study in solitude amidst all the gregarious cheer-leading. It is like a Caryl Churchill play with jokes, and its presentation at, say, the Royal Court, would do that venue, and its audience, a lot of good.

Meanwhile, Wasserstein's runner-up in the Susan Smith Blackburn was Timberlake Wertenbaker for Our Country's Good, a wonderful Royal Court play that is embarking on a tour of Australia and Toronto before returning to UK base in the autumn.

Records Lucky with the casts

Andrew Clements reviews recent opera

TWO SETS with José Carreras and two with Mirella Freni, and Freni also took the title role in Sinopoli's own version of Manon Lescaut when it appeared on record four years ago, as part of the Puccini cycle for Deutsche Grammophon of which the new Butterfly is the latest instalment.

That was a very different, more ponderous creature from Chailly's recording, in which natural pacing and an avoidance of excessive point making are the most pertinent characteristics.

Chailly takes an exemplary, briskly efficient line, obtains alert rather than outstanding orchestral playing from the Bologna orchestra and relies upon his singers to make nearly all the dramatic effects for him.

Te Kanawa is at her most exuberant and free-voiced in the opening scenes, and even though she falls quite to the root of Manon's despair in the final act, there are always enough inflections and shadings in her singing to give the girl three-dimensional.

Sinopoli's Butterfly has many of the characteristics of his Puccini conducting that one remembers from the opera house, without the moments of sheer incomprehension that punctuated his Tzon at Covent Garden in 1987.

Absolutely on the credit side are the playing of the Philharmonia, bold, rich and refined, and the singing, which lacks any significant weaknesses.

A total loss of dramatic credibility but the result is a great deal better than that, and to counteract the passages which leave one tearing out hair in rage and frustration there are moments of real insight in a fresh intelligence is brought to bear on music one thought one knew all too well.

It is Sinopoli's tendency to place details in notational quotation marks that jars most - a phrase will be seized out of context and given a wholly different treatment, as if it were a self-contained musical object with a validity in its own right.

But the references are never threatened too much, and the plan of each act is preserved, if occasionally pushed almost to breaking point.

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Carreras, in a recording made just a month before the Manon Lescaut is equally musical, generously expressive, and recorded with greater bloom and power in the voice; perhaps Pinkerton is made too sympathetic, his weakness demoted to a mere foible, but the winning enthusiasm of the singing is hard to resist.

Both Teresa Berganza's Suzuki and Juan Pons' Sharpless are ingratiating performances, giving the set altogether a solid central core that anchors Sinopoli's idiosyncrasies even at their most extreme moments.

The new Onegin merits an almost unreserved recommendation. Coarse-grained orchestral playing and exaggerated rubato from James Levine sometimes dull the lustre, and the ill-tuned, smug presentation of Grem's aria by Paata Burchuladze is the one real miscalculation in what is a superbly consistent cast.

Freni is at first sight an unlikely Tatiana, though she has the role most memorably at Covent Garden last year, and she sometimes lacks a degree of youthful freshness - the Letter Scene takes a little time to gather momentum - but when all the emotions are engaged she never falters.

Radio

Not the cat's whiskers

THE ANNUAL Review of BBC Research Findings, 1988, says that children's interests are to have more importance in public service broadcasting.

There were questions about children's programmes in last week's Feedback, and Chris Dunkley brought in Michael Green, Controller of Radio 4. They were indeed trying to revive interest, Mr Green said; they would sustain the Sunday 6.30 slot, currently occupied by Cat's Whiskers.

I tried it out when it was new, and found it too much like Blue Peter and too little like Orange Hill. Last Sunday I liked it well enough - a story in rhyme about Stanley Bagshaw, who carelessly made a 14-foot bicycle wheel, an interview with an Antarctic explorer, a serial where the instalment ended in a bomb-shelter, with bombs falling; a chat with Bill Beaumont (Rugby, not Soccer, but then he's also a TV personality). We had a birthday roll-call (no twins) and jokes sent in by listeners.

Blue Peter quality still, I reckoned. At transmission time, BBC did the news and Songs of Praise. The Money Programme, so it wasn't BBC television keeping young minds elsewhere. I'd guess it was mostly Top 40 on Radio 1. BBC's Radio Gloucestershire, Radio Shropshire and Radio Hereford and Worcester all told me they had no programmes specifically for children.

Numbered. Everyone has an allotted life-span, recorded in a locket given in youth, and can die only at his official Moment. To lose, or steal, a locket is called murder, and you never confide your real, birthday-reckoned, age.

The central story of Fifty, who declined to die at his Moment, forced his locket open and found it empty, and led a campaign against the regulations, is ordinary, but the examples of life in such a world are curious. Girls seek high numbers if they aim at a lasting marriage, or a sequence of lovers if they like variety. A woman does not grieve at the death of her little daughter Seven, for she knew already of the child's Moment, and it would be wrong to try to extend her age. A bad boy is allowed every kind of naughtiness - he is a Ten, not long to go.

When all lockets have been expired and everyone expects to live for ever, Fifty goes to the Keeper, who controls the system, and asks how he can stop it. The Keeper reminds him, in the moral of the tale, that men were contented when they were not afraid. Unlike R.U.R., The Numbered deals with emotions such as most of us have. It needs only a slight acting, however; no copy for Peter Barkworth as Coffey or Robert Eddison's Keeper. John Theobaldis directed.

Yesterday, Radio 3 had another sociological romance for us. Elias Canetti's The

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Please let me go to the party

BY HER own high standards, Louise Page's new play at the Palace Theatre, Watford, is a disappointing failure. Diplomatic Wives starts in Cairo airport, retreats to the British Embassy where preparations are in hand for the QBP, the Queen's Birthday Party, tracks back 18 years to a Bristol student flat, flashes forward again to the Embassy and the Egyptian dance, and finally comes to rest by a swimming pool decked out in hunting for the aforesaid QBP.

Sounds promising, eh? There are only three characters. Christine has sacrificed her own diplomatic career to support John's, even though he is never going to "get Washington". Their former university tutor, Libby, is flying in from Nairobi for the QBP, and to update them and us on how she has written a book, quit teaching, joined the Voluntary Service Overseas, married a dentist and subsequently had a sense of well-educated help-

lessness in the face of Third World poverty.

Chris is in crisis. Someone called Henry has asked if she wants a parking in Tunisia. She wants John to want her to go, and also wants him to want her not to go. In the student flashback - with a quick burst of flared trousers, polo neck sweater and a round orange lightshade - Chris reverts from sweet shyness to a brightly chaotic Georgie star pupil, while John balances his affair with Libby against his expectations, dependent on her, of a First Class degree.

In the present, John's first wife, Tess, died seven years ago. George, who learns, never kissed Libby's toes like John did. Kit, the son being waved off from the airport in the first scene, is the adolescent offspring of John and Libby (I think). Someone called Erica is mysteriously mentioned in the last scene. Chris, not all that convincingly, throws over the career opportunity because



Wil Knightley, Charlotte Cornwell and Anna Carteret in 'Diplomatic Wives' at Watford

she wants to belong.

Lon Stein's stiffly immobile production never succeeds in vesting these emotional twists and summaries with any density or texture. Nor do the performances of Charlotte Cornwell as Chris and Anna Carteret as Libby. There are fine actresses left high and dry by the material. Wil Knightley as John is simply mist-clothed which can be tellingly transformed by a chandelier, a

room-high curtain, an inserted skyline. It is a brilliant piece of wack, economic and stylish. The play is the long-delayed result of a Critics Circle Award in 1985, designed to encourage new writers to provide product for the West End. Which only goes to show you cannot prescribe commercial success. Miss Page will bounce back.

Michael Coveney

Concert

Parsons and friends celebrate at Greenwich

APPARENTLY Thursday was not the actual day of Geoffrey Parsons's 60th birthday, but it is difficult to imagine him celebrating the event before a more appreciative company of well-wishers than was gathered here. The setting was the Royal Naval

College Chapel at Greenwich. Ever since Gerald Moore announced his retirement, with a farewell recital that the friendly atmosphere here brought to mind, Geoffrey Parsons has more often than not been the accompanist chosen by the major singers of the day in recital. His ability to provide a cushion of sound from which the voice can always count on deriving support and comfort must be an important reason why singers favour him. He also, simply, plays very well.

For this event in the Mobil Concert Season at Greenwich he presented us with Geoffrey Parsons and friends. The invitees were Eiddwen Barry, Janet Baker, Laurence Dale and Thomas Allen, making up in individual vocal distinction what they lacked as a well-balanced quartet. Both Schumann's Minnespiele and Brahms's Liebeslieder have known more spirited performances, though it seems ungenerous to carp when the music-making in general was on a high level.

The success of the recital was the inclusion of the cycle From Jewish Folk Poetry by Shostakovich. Besides providing a welcome solid core to the programme, these pithy songs brought out the best in the solo voices. Dame Janet found piano singing with which to colour the delicate "Lullaby". Through each item the distinctive Parsons sound at the piano could be recognised and enjoyed, though for once the accompanist's burden was shared, with Christopher Middleton a very able partner in the Schumann and Brahms duet accompaniments. It would be a bit hard to do all the work at your own birthday celebrations, after all.

Richard Fairman

CHESH 50. 763 L.N-N41 wins the QBP and the game after 2 P-QR4, N-B6; 3 B-B2, N-K7 ch; 4 K-B1, N-Q5 or 2 B-B2, N-B8; 3 P-QR3, N-K7 ch and N-Q5.

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Pick of the week at Christie's



Helene Schjerfbeck: Portrait of Gitta, 1933. Oil on canvas laid down on board. 13 x 17 1/2 in. Estimate: 560,000 - 820,000

THIS EVOCATIVE portrait is by one of the most interesting women artists to emerge from Scandinavia. Born in Finland in 1862, Helene Schjerfbeck came to St. Ives in England in 1889 with another Finnish painter, Maria Wilk. Her broken engagement to an Englishman deeply affected her subsequent work, which often centred around sad, introspective portraits. She developed a highly personal, nearly abstract style, her late works dealing with loneliness and the suffering of old age. This picture is one of seven works by this fascinating painter which are included in a major sale of Scandinavian Pictures, Drawings, Prints and Sculpture at Christie's, King Street, on Thursday 16 March, 1989 at 10.30am and 2.30pm.

For further information on this or any other sales in the next week, please telephone: (01) 839 9060.

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SPORT

The big question: can they come back?

John Barrett wonders if tennis players John McEnroe and Tracy Austin can reach the very top again

EVER WHEN his hair had turned white, Father William, as I recall, still enjoyed standing on his head, a contortion that caused his son to ask: "At your age, do you think it is right?"

Nicole Provia. The 19-year-old Australian had no respect for Tracy's reputation. She had been a nine-year-old schoolgirl in Melbourne when the former American prodigy had become the youngest-ever winner of the US Open in 1978 at the age of 16 years nine months.



Tracy Austin looks determined

didn't attack the ball, which is normally my game. I was nervous and that affected my feet... they wouldn't go where I wanted them to," she said. Then she added wistfully: "There are so many things to get back."

comeback in 1982 at the magnificent Country Club in Monte Carlo, Bjorn's adopted home at the time. Borg was 26. His opponent in the second round, the left-handed Frenchman Henri Lecointe, was 15. The crowd of 8,000 left Borg in no doubt of his popularity.

As Borg broke back they erupted but fell silent again as the familiar topspin drives missed their mark again. It was eerie sitting there watching this once-great player, the six-time French champion who had become virtually invincible on clay courts, fumbling his way to defeat. He was missing the lines by feet, not inches. Afterwards he told me how strange it had felt. He knew what he had wanted to do but the ball no longer went where he intended. That is the big difference between practice and match play.

Today's players face a teasing paradox. The intensity of competition and ever-rising world standards make it increasingly essential to plan breaks into the schedule. Yet too long an absence destroys the instinctive match-playing skills upon which all champions depend. A few losses shake the confidence and remove the aura of invincibility. Careers are inevitably getting shorter.

One caught in the middle of this very dilemma is Mats Wilander. Trying to match a rest at the end of 1988 he went into the Davis Cup final against Germany underprepared and lost disastrously to "Charlie" Steeb. The same thing happened in Australia where Ramesh Krishnan took advantage of his frailty in the second round. With millions in the



John McEnroe: wants to be at the top

ships upon which he has set his heart, he will know that he has already won a personal battle. As he completes his bedtime reading for Kevin... "In my youth," Father William replied to his son, "I feared I might injure the brain. But now that I'm perfectly sure I have none, why, I do it again and again."

THE KINGSHIP of Albania was once offered to C.B. Fry, the great turn-of-the-century British sportsman. He was, after all, a man who could play county cricket, appear in the FA Cup Final and break the world long jump record, all in the space of a few days.

flanks and were prepared to run straight at central defenders, forcing them to turn. All characteristics, in other words, of a strong national side.

England's defence looked understandably vulnerable against such tactics. Indeed, there has rarely been a time over the past few years when England's defence has not appeared feeble.

Bobby Robson has been criticised for permitting a playing four at the back, with two central defenders, rather than opting for a sweeper system. But given that most English clubs don't play with a sweeper, it is hard to see how the national side could perform successfully in such an unfamiliar pattern.

English kings of Albania

as sweeper? The only plausible candidate would seem to be skipper Bryan Robson but as he is needed both in midfield, and as a main goalkeeper, it is hard to see how he can be converted successfully.

England ought to qualify for the World Cup finals, says Philip Coggan, but if they fail it won't be a disaster

England would be better placed to ensure that their defenders have the pace to cope with international strikers, rather than the height and brawn they tend to need to deal with forwards in the Football League. The fashion is for defenders

Tottenham player is renowned for his inconsistency. Given the similarly erratic form of John Barnes, it is hard to see how an England side can function properly with both of them playing. And the edge must go to Barnes.

And what about Neil Webb? He has not yet shown the ability - at least in an England shirt - to produce the imaginative, defence-splitting pass that can turn a match. Not many players can do so. The most obvious candidates seem to be Glenn Hoddle, apparently discarded by England but still flourishing in Monaco, and Steve Bruce, Forest's right-back.

The argument against Clough is that he lacks pace but since he will be surrounded by the speedy Barnes and Rocardie, and the all-action Robson that hardly seems to matter. In attack, many are now suggesting that Linaker has lost his edge. This has been the key element in England's performance over the past year - when Linaker was playing well, he was averaging a goal a game. While he has been off form, England have been forced to rely on Bryan Robson.

CROSSWORD

No. 6,882 Set by GRIFFIN Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday March 22, marked Crossword 6,882 on the envelope, to the Financial Times, 10 Cannon Street, London EC4A 3DF. Solution on Saturday March 25.

Crossword puzzle grid with numbers 1-27 indicating starting positions for clues.

- ACROSS 1 "A soft drink or nothing" angered a drunk (5) 2 Set time to enter port (5) 3 Some other men need hot baths (5) 4 Stubbard stain to be removed (9) 5 Strikers, delivery men and others trying to get people out (10) 6 Scrape friend's half day off (4) 7 Oriental scene I reconstructed outside Holyhead (7) 8 Grave of American found in a tree, mutilated (7) 9 End of street that's nearest (7) 10 Function requiring fish dish around the end of April (4) 11 Head water scarce for spreading jokes (10) 12 Shaking men use for recreation (6) 13 Present formerly given after November 1st (5) 14 Long woolly nearly a pound less (5) 15 Left "Herod" transposition to treble (9) DOWN 1 It ensures the spirit level is accurate (6) 2 Facilities, in other words, poor inmates will be without (9) 3 Picky goalie stops poschems (6) 4 Appointment accepted by stout preacher (7) 5 Guaranteed dependable in goal (7) 6 I pulled without a shower (6) 7 Fuzzed together and tied (5) 8 Silly lover's pet didn't get up in time (9) 9 Loathing Jack Horner, turns to the church (10) 10 Committee head I introduced daily (5)

TELEVISION & RADIO SATURDAY

Television and radio schedule for Saturday, listing programs like BBC1, BBC2, LONDON, ANGLIA, BORDER, CENTRAL, CHANNEL, GRAMPAN, GRANADA, HTV, ITV, SCOTTISH, TSW, TVS, and YORKSHIRE.

SUNDAY

Television and radio schedule for Sunday, listing programs like BBC1, BBC2, LONDON, ANGLIA, BORDER, GRANADA, HTV, ITV, SCOTTISH, TSW, TVS, and YORKSHIRE.